FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,[illegible]86 Friday January 29 1982

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c

NEWS SUMMARY

GENERAL

Police rescue Nato general

U.S. Brigadier-General James Dozier was freed by Italian police from a Padua apartment where he was held by Red Brigades guerrillas who kidnapped him 42 days before.

The general, who serves with Nato, was apparently in good health. Police arrested five people, overpowering one who was holding a pistol to the general's head.

It was the first time police had freed a Red Brigades kidnap victim. Page 2

Hussein joins war

Jordan's King Hussein is to accompany a contingent of volunteer troops to fight alongside Iraq in its war against Iran.

Haig rebuffed

Israel rejected most of the compromise proposals from U.S. Secretary of State Alexander Haig who is seeking a breakthrough on the Palestinian autonomy issue. Page 3

Golan talks

The Security Council agreed to call an emergency session of the UN General Assembly to discuss Israel's annexation of the Golan Heights.

Diplomat killed

The Turkish consul general in Los Angeles, Kemal Arikan, was shot dead in his car in the city centre. An Armenian group claimed responsibility.

Warsaw spy claim

Warsaw counter-intelligence authorities accused the U.S. of spying in Poland and showed foreign reporters film of the unmasking of five alleged agents.

Guerrillas flee

Seven left-wing guerrillas who hijacked a Colombian airliner released their hostages, estimated at 70, and left by air for an unspecified Central American country.

Bus hijack

Dutch police arrested a 15-year-old French boy who hijacked a school bus and forced it to drive through Belgium to the Netherlands, where he apparently hoped to visit a girlfriend.

May riddle

Italian police did not rule out foul play in the deaths of Jeanette May and her companion but said they probably froze to death after vanishing 14 months ago.

'Keep promises'

Promises given to Canadian Indians over their land rights and other freedoms by the English Crown nearly 200 years ago must never be broken, Lord Denning said in the Appeal Court.

Crash charge

Driver of an Indian express train which hit another near Agra on Wednesday, killing 63, was charged with negligence causing death. He was seriously injured.

Floating hotel

Saudi Arabian investment company Saudi Asian Corporation plans to build a 1,600 room, £91m floating hotel on the waterfront of either Singapore or The Hague.

Briefly . . .

French President Mitterrand will take part in the U.S.-sponsored international TV show on Poland on Sunday.

The Pope will visit the Toxteth area of Liverpool during his five-day tour of Britain in May.

Carlo Ponti, film producer, was cleared of an Italian fraud charge involving illegal currency movements.

BUSINESS

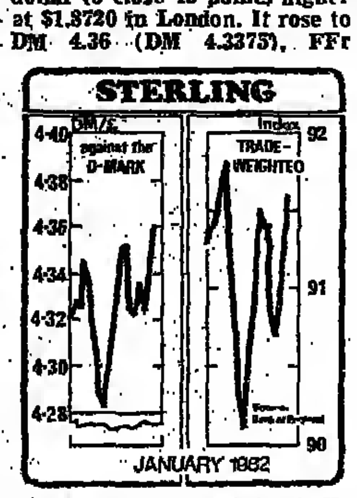
Gilts and equities stronger; $ firm

● GILTS rose to overshadow equities, stimulated by signs of a UK recovery, easier European interest rates, higher U.S. bond prices and the firm tone of sterling. The Government Securities index advanced 0.40 to 64.65. Page 34

● EQUITIES reluctantly followed Gilts, aided by the firm tone on Wall Street. The FT 30-share index rose 4.9 to 573.8. Page 34

● DOLLAR rose to DM 2.3275 (DM 2.3215), FFr 5.9210 (FFr 5.9150), SwFr 1.8575 (SwFr 1.8550) and Y231.10 (Y229.50). Its trade-weighted index was 110.2 against 109.8. Page 31

● STERLING improved against major currencies, including the dollar to close 45 points higher at $1.8720 in London. It rose to DM 4.36 (DM 4.3375), FFr 11.0850 (FFr 11.0425), SwFr 3.48 (SwFr 3.4650) and Y432.75 (Y428.50). Its trade-weighted index was 91.6 against 91.3. Page 31



● WALL STREET was up 16.17 at 858.83 near the close. Page 32

● GOLD rose $2.25 to $383.75 in London. In New York, the Comex February close was $385.20. Page 31

● U.S. COMPOSITE Index of Leading Economic Indicators, intended to predict trends reliably, last month rose 0.6 per cent, its first rise since last summer. Page 4

● JAPAN'S ruling Liberal Democratic Party said 67 non-tariff import barriers would be eased or removed swiftly to open the country to more imports. Page 5

● ITALIAN State energy corporation's gas subsidiary SNAM has reached a gas supply agreement with the Soviet Union. Page 5

● PHILLIPS PETROLEUM is tentatively considering developing two gas fields in the southern sector of the North Sea. Page 7

● INTERNATIONAL Harvester is to suspend indefinitely a $200m (£107m) investment in a Spanish diesel plant because of financial problems. Back Page

● DE LOREAN'S Belfast motor plant is to make 1,100 workers redundant. Back Page

● SIEMENS, West Germany's biggest electrical concern, reported profits after tax down 19 per cent in the year to last September at DM 509m (£117m). Page 28

● HERON GROUP lost its High Court battle to block Associated Communications Corporation from transferring controlling shares to Mr Holmes à Court's group. Page 6

● INCHCAPE, the international merchant, made lower pre-tax profits at £37.76m in the six months to September 30, 1981 against £39.12m despite bigger turnover. Page 24; Lex Back Page

● FIRST NATIONAL Finance Corporation pre-tax profits rose to £16.61m in the year ended last October 31 against £7.67m. Back Page; Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas 11½pc 1991	£82½	+ ¾
Exchqr 15pc '97	£100⅛	+ 1
Brt Commonwealth	375	+ 10
Bullough	168	+ 8
Cornell Dresses	155	+ 11
English China Clays	167	+ 7
Eurotherm	310	+ 8
FNFC	34½	+ 2½
Fisons	185	+ 7
Hill and Smith	54	+ 5
Huntley and Palmer	112	+ 4
ICI	342	+ 6
Jones (Ernest)	88	+ 6
Lec Refrigeration	212	+ 8
Linfood	190	+ 6
Paterson Jenks	81	+ 3
RMC	214	+ 7
Ratners	48	+ 5
Reardon Smith	133	+ 8
Reed Intnl	280	+ 8
Wellman Eng	56	+ 6
Wiltrust	142	+ 5
Hong Kong Tin	460	+ 50
Kinta Kellas	700	+ 62

FALLS

Allied Irish Bank	86	− 4
Argyll Foods	108	− 4
Assed Comms A	69	− 9
Bank of Ireland	230	− 10
DRG	72	− 6
Pratt (F.)	70	− 7
Pullman (R. and J.)	50	− 3
Wiggins Group	56	− 7
Vaal Reefs	£33⅛	− 1

Tax relief likely in Budget after Cabinet confirms strategy

BY PETER RIDDELL, POLITICAL EDITOR

A CAUTIOUS Budget offering modest tax relief, particularly for industry, is likely on March 9 following agreement by the Cabinet yesterday to press on with the current broad economic strategy.

There seems to have been, however, some disagreement on the extent of the leeway on tax and about how the money should be allocated.

Ministers generally, including some of the strongest critics of the present strategy, seemed reasonably satisfied they were given a chance to air their views at yesterday's Cabinet meeting.

This is unlike last year. Then, a tough Budget was presented to the Cabinet at the last minute as a surprise and annoyed many Ministers. One Minister said this year's exercise was particularly useful.

No detailed conclusions were reached, however, and Sir Geoffrey Howe, the Chancellor, will decide both his Budget judgment and precise measures nearer Budget day.

The U.S. financial position appears to be creating particular uncertainties for the Treasury. Sir Geoffrey told the Commons at the start of yesterday's economic debate that high dollar interest rates were one of the main hazards ahead.

While the Government supported the desire of the U.S. to contain inflation, Sir Geoffrey urged on the Reagan Administration the "need to take account of the impact on exchange rates of divergent fiscal and monetary policies."

This reflects the worry that the high U.S. budget deficit will push up U.S. interest rates and the dollar, and that the resultant drop in sterling could put upward pressure on UK interest rates and the inflation rate.

Sir Geoffrey said the UK economy was now plainly moving in the right direction. He said there was no shortage of demand and that he would not pull the lever of monetary demand. He said he would do all he responsibly could to build on the progress so far made.

Earlier, Mrs Thatcher had told the Commons that an excellent Cabinet meeting thought it right to continue the broad strategy followed hitherto and not to put at risk the objective of reducing inflation.

This emphasis leaves open most of the key questions. A Treasury paper, introduced at the Cabinet meeting by Sir Geoffrey before other Ministers put their views, apparently set out a broad range of options on the public borrowing and economic outlooks.

One Minister concluded that this would allow scope for some relief, possibly of about £1bn, within existing public borrowing commitment.

Some Ministers appear to have argued there might be more leeway and that, since the public borrowing figures are so unpredictable, it would be wrong to take too hard and fast a view.

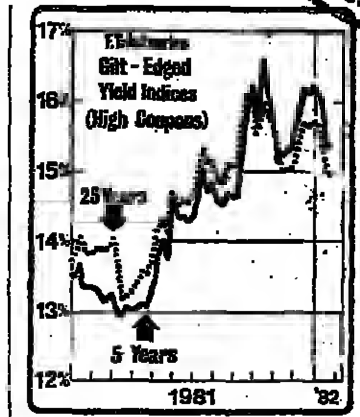
Most Ministers were apparently in agreement that the main reliefs should go to industry. There were differences, however, on the precise measures.

A reduction in employers' National Insurance surcharge has been favoured by many of the so-called "wets" but some Ministers apparently said such a cut would be an expensive way of helping industry because the manufacturing sector only accounted for about one-third of payments of the surcharge.

Some Ministers have urged the rolling-over of depreciation to relief to give an incentive to those companies not paying corporation tax at present.

There have also been suggestions about providing incentives to investment within a certain period, notably for house improvement. Such schemes have also been proposed for local authority housing. One advantage, it is claimed, is that such aid would provide jobs quickly and would not push up imports.

Approach to monetary policy more pragmatic says Richardson, Page 6
Howe rules out major Budget stimulus to demand, Page 10



Index-linked stock only partly sold

By Max Wilkinson, Economics Correspondent

THE BANK OF England sold only a moderate amount of its new £1bn index-linked stock yesterday, at a price which provided an inflation-proofed return of 3.05 per cent.

The new stock, 2½ per cent Treasury 2011, was offered for sale by auction to pension funds, but in line with the terms of the offer, the Bank decided to accept only the tenders above £90 per £100. All allotments were at this price.

Although the Bank would not indicate how much of the new stock was sold, indications from the market yesterday were that it had a substantial proportion left on its hands.

In view of the generally optimistic state of the gilt-edged market recently and the substantial sales of stock by the Government Broker, the Bank appears to have been fairly relaxed in its attitude to yesterday's tenders.

The stock is the third index-linked gilt. The first, £1bn of 2 per cent 1996, was launched last March and sold out on the first day at par.

However the second, 2 per cent 2006 launched in July, was only partly sold on the first day at a price of £86 per £100. This produced an inflation adjusted rate of return of 2.9 per cent.

For all the index linked stocks the payments of interest and repayment of the principal will be revalued in line with the movement of the retail prices index.

Yesterday yields on the two existing index-linked stocks moved closely into line with that on the new issue. The 2 per cent 2006 moved up ½ point to 88½p (yielding 2.96 per cent) and the 2½ per cent 1996 moved up ½ point to 94½.

The FT index of government securities was up 0.4 points on the day to 64.65. This is 2.4 points more than where it stood 10 days ago.

Conventional long dated gilt edged stock is yielding around 15½ per cent against the current inflation rate of 12 per cent. Exchequer 15 per cent 1997, for example, was up ½ point to 100½ yesterday.

Lex, Back Page

Tebbit seeks to 'backdate' closed shop damages

BY CHRISTIAN TYLER, LABOUR EDITOR

MR NORMAN TEBBIT, Employment Secretary, sprang a surprise in his trade union Bill published yesterday. The Government is seeking powers to pay retrospective compensation to closed-shop "victims" who lost their jobs between 1974 and 1980.

An estimated 400 people could be eligible, at a cost to the Exchequer of £2m. Broadly speaking, Mr Tebbit is proposing to treat them as if the Conservatives' 1980 Act had been enforced for the previous six years — as if the grounds for claiming unfair dismissal from closed shops were as wide then as they are now.

At the same time, the Bill seeks to raise substantially both the theoretical and the actual amount of money payable to workers who lose their jobs for refusing to join unions which have closed-shop agreements.

Mr Tebbit's second major step, foreshadowed in the consultative document which preceded the drafting of the Bill, is to outlaw the "blacking" of non-union firms.

The Employment Secretary has bowed to pressure from employers who argued that the consultative document proposal merely to outlaw "union-only labour" clauses in contracts and tenders did not go far enough.

It would still be lawful for workers to take action against their own employer for introducing non-union labour or products, but it would not be lawful to put pressure on non-union workers of other employers.

The new clause will affect particularly the construction industry, where sub-contracting is common. It could provoke trouble on large sites, already notorious for their chaotic labour relations.

The Bill bears the same title as that introduced by Mr James Prior, Mr Tebbit's predecessor at the Department of Employment. It will be seen as the vindication of his appointment by Mrs Thatcher.

The central purpose of the Bill is to expose trade union funds, as well as individual trade unionists, to suits for damages. This amendment has aroused the greatest trade union opposition.

Mr Len Murray, TUC general secretary, last night condemned the measures as anti-worker and anti-industry. He said: "Employers who may be tempted to use the new weapons that the Government is putting in their hands should be warned they might well backfire."

A number of big trade unions are pressing the TUC to organise industry-wide strikes if a single employer in that industry sues a union for damages.

Mr Murray said the retrospective closed shop compensation plan was "nothing more than a shabby public-relations gimmick." He said the Bill could be the most foolish and dangerous to be put before this Parliament. It would join the 1971 Industrial Relations Act "on the scrapheap," he predicted.

Mr Alan Sapper, chairman of the TUC, called it a "slush fund for industrial cowboys."

Union leaders were claiming last night that the only other comparable retrospective legislation was that which prevented convicted murderers from going to the gallows.

The broad lines of the Bill follow the consultative document published last November. But CBI objections have persuaded Mr Tebbit to modify the proposed system of compensation awards.

A complaint from Conservative trade unionists has resulted in a slightly lower scale of damages employers may seek against smaller unions. The scale will be £10,000 instead of £12,500 for unions with less than 5,000 members and £50,000 instead of £62,000 for unions with between 5,000 and 25,000 members. Unions with up to 100,000 members will be liable to a maximum fine of £125,000 and bigger unions to £250,000.

The Bill also redefines the meaning of a trades dispute. It

Continued on Back Page

MAIN POINTS

The main aims of the Bill are:
1—To compensate workers dismissed from closed shops between 1974 and 1980;
2—To expose trade union funds to suits for damages;
3—To increase the compensation for workers dismissed from closed shops in future;
4—To outlaw union-only labour contracts and tenders;
5—To make industrial action against non-unionised companies unlawful;
6—To redefine the meaning of a trade dispute;
7—To facilitate selective dismissal of strikers.

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Feature, Page 22

£ in New York

—	Jan. 27	previous
Spot	$1.8680-8695	$1.8700-8715
1 month	0.03-0.08 pm	0.05-0.08 pm
3 months	0.33-0.38 pm	0.38-0.45 pm
12 months	1.40-1.55 pm	1.70-2.00 pm

Soviet Union sells gas-oil to raise hard currency

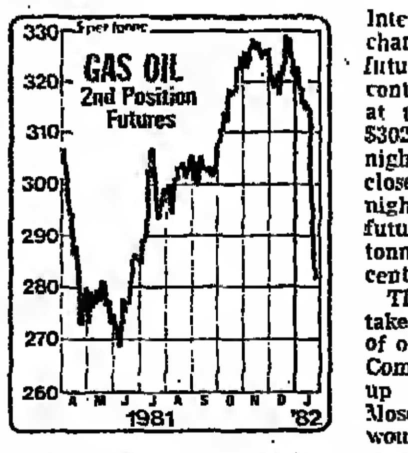
BY SUE CAMERON AND ANTHONY ROBINSON

THE Soviet Union is off-loading gas-oil as well as gold and diamonds on to the western markets to raise the hard currency needed to buy extra grain and sugar and to prop up the Polish economy. These sales have contributed to a sharp decline in market prices.

After the third bad harvest in a row the Soviet Union needs to import some 43m tonnes of grain this year. Support for the ailing Polish economy is estimated to have cost $5bn (£2.7bn) last year through hard and soft currency loans and permitting Poland to run up a larger trading deficit.

Soviet efforts to raise hard cash for these expenses are hitting Western markets. The price of gas oil—used for heating—tumbled to $286 a tonne on the Rotterdam spot market at one point yesterday. A week ago it stood at $311 a tonne.

Traders blame the fall on a sudden inflow of Soviet gas-oil. The spot gas-oil price rallied a little to $291 a tonne yesterday afternoon. But traders believe the Russians will continue to push oil products on to the market and fear prices will continue to be depressed.



The Russians do not usually sell any gas-oil on the European spot market in the winter because they need it for their own heating, and this winter has been particularly cold in Eastern Europe.

The impact of the addition of Soviet sales was particularly marked at the London-based International Petroleum Exchange which deals in gas oil futures contracts. A week ago contracts for gas oil for delivery at the end of February cost $302.25a tonne. On Wednesday night (January 27) the price closed at $287.75 a tonne. Last night (January 28) the similar futures prices fell to $281 a tonne—a drop of almost 10 per cent in seven days.

The Soviet Union had undertaken to sell 80m tonnes a year of oil to her six East European Comecon partners in the period up to 1985. Last autumn Moscow told them that supplies would be cut by 10 per cent a year, which would leave the Soviets with an extra 8m tonnes a year. The evidence suggests that a substantial proportion of this is to be sold in the West, which is already suffering from an oil surplus.

The Soviet foray into the gas-oil market is the latest in a series of forced sales in its

Continued on Back Page
Futures contracts table, Page 33
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BNOC board rejects break-up

BY RAY DAFTER, ENERGY EDITOR

THE BOARD of British National Oil Corporation has told the Government it opposes the proposed break-up of its oil trading and offshore drilling operations.

This will embarrass the Government, which sees the separation of the trading activities from the exploration and production business as an integral part of its plans to reorganise the corporation.

Mr Nigel Lawson, Energy Secretary, is pushing the Oil and Gas (Enterprise) Bill through Parliament to promote greater private investment in the oil and gas business.

Under the proposals, BNOC's exploration and production business would be hived off to a separate company — Britoil — in which at least 51 per cent of the shares would be held privately. The trading arm would remain as BNOC, a wholly state-owned company.

Although the board is co-operating with the privatisation proposals it has voted to oppose the splitting of interests. The vote, at the last board meeting before Christmas, is understood to have been unanimous.

It is the first public sign that the corporation—under its chairman, Mr Philip Shelbourne—is not totally committed to Mr Lawson's proposals.

The directors want the close links between the trading and offshore activities to be retained, either within the privatised Britoil company or through some other formal arrangement.

The board has made no specific recommendation but some members are known to support the idea that Britoil should handle the Government's trading activities, perhaps on an agency basis.

It is believed that the board is concerned that Britoil would be weaker than an integrated company if it had no established trading division. The directors are worried also about morale in the trading division which is destined to become an adjunct of the Department of Energy, under the Government's proposals.

The traders would handle the Government's entitlement to

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Labour delays debate on Britoil, Page 10

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For latest Share Index phone 01-246 8026

EUROPEAN NEWS

Italy savours success after police free Dozier

BY JAMES BUXTON IN ROME

ITALY was savouring a rare moment of delight and relief yesterday after police freed General James Dozier and arrested his five Red Brigades kidnappers in a flat in Padua.

Police broke into the apartment above a supermarket in the northern city yesterday morning. They overpowered one terrorist, who was holding a silenced pistol against the temples of the U.S. general, apparently ready to kill him. The general, who was barefoot and wearing a tracksuit, was said to be in good health after six weeks of captivity.

It was the first time that Italian police had liberated a Red Brigades kidnap victim, and the fact that Gen. Dozier was the first foreigner to have been kidnapped in Italy added to the satisfaction of the authorities. Police believed they had captured the head of the branch of the Red Brigades operating in the Veneto, which includes Padua.

Almost immediately a beaming Sig Giovanni Spadolini, the Prime Minister, announced the freeing of Gen. Dozier to an audience in Palermo in Sicily, where he was on a visit. Both houses of parliament applauded the news. President Reagan telephoned his congratulations to President Sandro Pertini.

The General is the senior U.S. officer at the Nato southern Europe land forces headquarters at Verona, about 10 miles from Padua. He was seized at his flat on December 17 by terrorists who entered disguised as plumbers.

The kidnappers issued five communiques, one of which gave excerpts of an interrogation in which the General, who was responsible for logistics, did not appear to give away any important information.

Although the terrorists may have wanted to use the kidnapping to show their support for the peace movement and to foster anti-Nato feelings, their reasons for kidnapping Gen. Dozier appear more obscure than in the case of most of their victims. At no time did they make any demands.

Enormous security operations were mounted in Veneto around Verona and Padua. An organisation calling itself the Friends of General Dozier offered a reward of L2bn (£870,000) for information leading to his release.

Police are said to have identified the flat in Padua in which he was being held on Wednesday and decided to wait until the street was busy with mid-morning shoppers before carrying out their raid.

They may have been helped by the information they have acquired in the past few weeks from a series of arrests of terrorists. Some 13 members of the Red Brigades were arrested in Rome in early January and a number of hideouts discovered.

Police believe the terrorists were intending to kidnap Sig Cesare Romiti, the managing director of Fiat. Plans for an attack of the Rome central police station were also uncovered, and vast amounts of detail on the top security prisons in which many Red Brigades members are held. Police found disturbing evidence of the ease with which jailed terrorists managed to communicate with and direct the affairs of those outside.

In the last few days, police action appears to have weakened Prima Linea, another left-wing group. Five of its members were caught following a bank raid in Siena last week. This week, hideouts have been raided and other arrests made in eight places throughout Italy. The terrorists killed two policemen and badly wounded a third at a roadblock after the bank robbery.

Both the Red Brigades and Prima Linea have shown their ability to regroup and counter-attack after the police successes against them of 1979 and 1980, which brought the number of jailed terrorists of both left and right to about 2,000. But the number of terrorist actions in 1981—some 791 in the first 11 months—was by far the lowest since 1975.

General Dozier (right) . . . saved after six weeks

GROMYKO SAYS WASHINGTON 'POISONING ATMOSPHERE' FOR TALKS

U.S. accused of destroying detente

BY LESLIE COLITT IN BERLIN

THE SOVIET Foreign Minister Mr Andrei Gromyko yesterday painted a sombre picture in East Berlin of U.S.-Soviet relations. He accused Washington of "poisoning the atmosphere" for the forthcoming strategic weapons talks in Geneva and of using Poland as a "source of tensions" in Europe.

Earlier this week he and Mr Alexander Haig, the U.S. Secretary of State, failed to agree in Geneva on a date for the first session of talks on intermediate range missile reductions because of what Mr Haig called the "long and dark shadow" which Poland cast over their meeting.

The Soviet minister, who has been holding two days of talks with the East German leadership, said the U.S. was "trampling on the basic norms" of international relations by trying to intervene in Poland's most sensitive internal affairs.

He spoke at a banquet given by President Erich Honecker in East Berlin. The Reagan Administration, he said, was out to "destroy everything good and worthwhile" which had been achieved in the era of detente. With an eye towards Western Europe, he accused Washington of trying to bind its allies to its political line, with no concern for the "harm this could do to the national interests" of these countries.

In a joint communique, the Soviet Union and East Germany promised continued fraternal help to bring Poland back to "normality" and to extract it from its political and economic crisis. They said that Washington's efforts to obtain wider sanctions against Poland were "undermining the pillars of European stability and security."

Mr Gromyko also charged the U.S. with attempting to accustom the world to the doctrine of a nuclear "first strike, a warning strike and a demonstration strike."

Accompanying him at his East Berlin talks was Mr Anatoli Dobrynin, the Soviet ambassador to Washington.

Mr Gromyko had fulsome praise for East Germany which, after the near collapse of the Polish Communist Party, is the only stable and economically strong Soviet ally left in the key northern tier of Warsaw Pact countries. East Germany's role has also been enhanced as the importance of West Germany has grown to Soviet foreign policy.

At one point Mr Gromyko referred to the peace movement in Western Europe as an "important political factor which no one can ignore." President Honecker, who is having problems with a powerful pacifist movement originating in the East German Protestant Church, avoided this subject, however.

The Bonn Government, meanwhile, has displayed its desire to conduct normal relations with Eastern Europe by the official visit of Mr Petar Mladenov, the Bulgarian Foreign Minister. He had talks with Herr Hans Dietrich Genscher, the West German Foreign Minister. The Bulgarian was also scheduled to meet Chancellor Helmut Schmidt.

Western summit to be held in June

By Our Foreign Staff

LEADERS of the seven main Western economic powers are to meet in Versailles, near Paris, from June 4 to 6, it was announced yesterday.

U.S. officials said that President Ronald Reagan had told President François Mitterrand of France that he would attend the meeting, probably as part of a European tour. This would be his first trip overseas since taking office last January.

French officials said yesterday that they had spent several weeks trying to persuade the U.S. to agree to the meeting in June. Mr Reagan is known to have reservations about the value of summits. He is also unlikely to have welcomed France's request that the main themes of the summit should be rising unemployment in developed countries and instability on the world's main financial and commodity markets.

Western diplomats in Paris commented that the proposed agenda indicated the French intention of maintaining pressure on the U.S. to lower its interest rates.

The summit could also include an examination of Western responses to the Polish crisis, and in particular the Europeans' gas deals with Moscow.

The countries taking part are Britain, Canada, France, Italy, Japan, the U.S. and West Germany. The president of the European Commission also attends.

At last Western economic summit in Ottawa last July, it was agreed that there should be a review of trade in strategic goods with the Communist world. This review started earlier this month, and was given added importance by Western concerns about Poland.

Optimism grows in French industry as recovery continues

BY DAVID WHITE IN PARIS

FRENCH INDUSTRY has become more optimistic about the immediate outlook, and the gradual recovery in production levels, which began last year, is expected to continue over the next three months.

This is the conclusion reached by Insee, the official statistics body, in its January survey.

Order books have been filling since November. But the improvement is concentrated mainly in the consumer goods sector, reflecting a rise in household spending, and is not necessarily matched elsewhere.

Household equipment, clothing and cars have been among the items showing strong growth, and this is expected to continue.

But in the capital goods sector, where output has been stable, industrialists predict a slight decline in most areas, except for electrical equipment and computers.

Intermediate goods are expected to show a levelling-off in production after setbacks in the last two months. Probable declines in steel and building materials are likely to be offset by growth in other sectors, including chemicals and paper.

The institute said that stocks of finished products remained somewhat above normal. It added that industrialists continued to forecast a sharp rise in production costs.

The latest statistics on industrial output show the index remaining stable in November at 131, the same as in the two preceding months.

Spain heads for early general election

By Robert Graham in Madrid

THE PROSPECT of an early Spanish general election in spring or autumn this year, was heightened yesterday by the defection of three members of the ruling Union de Centro Democratico (UCD) to the right-wing Coalicion Democratica.

The move, coupled with the exit from UCD of nine Social Democrats in December, gives the government of Sr Leopoldo Calvo Sotelo only a precarious working majority in Parliament.

Those who announced their departure from UCD yesterday included Sr Ricardo de la Cierva, the former culture minister, and Sr Miguel Herrero de Minon, the former UCD spokesman in Congress.

They formed part of a conservative Christian Democrat group within the UCD which has been pressing over the past year for closer links, if not coalition, with the Coalicion Democratica.

The latter is a loose group of Right-wingers, most of them independent, but headed by Sr Manuel Fraga, leader of Alianza Popular.

Sr Fraga, former Ambassador in London and Information Minister under Franco, has been making important political gains. The most notable was his party's success in the Galician parliamentary elections.

The UCD party underwent changes in December when it was given a more conservative texture. However, this did not satisfy the Christian Democrats and they have been waiting for an opportunity to defect. Perhaps three others could follow suit.

Their timing has been inspired by a conviction that there will be elections, perhaps in June instead of as scheduled for 1983. They thus want to broaden the base of Coalicion Democratica in advance of such a prospect.

The UCD can now count on little over 150 sure votes in parliament having held 168 seats after the March, 1979 elections. This means that the Government has to rely on a complex system of alliances for legislation—either with the Nationalist parties, Socialists or by horse-trading with Coalicion Democratica and the Social Democrats.

Polish regime tries to avoid prices protest

BY OUR FOREIGN STAFF

THE MARTIAL law authorities yesterday gave Poles extensive advance warning of the severe food and energy price rises, due to come into effect next Monday, in a bid to defuse any protest.

Newspapers devoted several columns to detailing the 200-400 per cent increases, which a leading Warsaw daily described as "one of the most difficult decisions for society and the authorities." It warned that the rises would not bring an early end to chronic supply shortages or long queues.

Previous attempts to raise food prices over the past 11 years have sparked riots and strikes, in part because workers accused the authorities of not adequately informing or consulting them.

To try to cushion the impact, the Government has approved pay rises ranging from Zl 750 (£5) to Zl 1,400 (£9.30) a month, with most going to those like miners working in hard conditions.

Pork products — a staple of the Polish diet — will lead the price rises, with increases of slightly over 400 per cent. Several other basic foodstuffs, such as sugar, milk and butter, will triple in price. The cost of coal, which the regime is anxious to conserve for export, is to rise almost fourfold.

After some pro forma airing of its price plans, the Government did make some minor changes, doubling instead of tripling the price of salt, and trimming the rise in electricity and gas charges.

A member of Poland's counter-intelligence yesterday claimed at a news conference in Warsaw that the radicalisation of Solidarity had been "to a significant extent the work of U.S. special services," writes Christopher Bobinski.

Reporters were shown five short films, one of which has been broadcast on Polish TV. One showed a Third Secretary at the U.S. embassy in Warsaw being stopped on March 31 1981, as a passenger in a car which was loaded with dissident leaflets and brochures. The U.S. embassy yesterday declined to comment.

The Polish agent said the U.S. special services "had played an active role in the setting up of anti-state groups." Another film showed a U.S. diplomat in Warsaw, allegedly caught while collecting secret documents in Warsaw in autumn 1979.

● Western banks will begin negotiations with Poland on rescheduling the loans falling due this year as soon as the 1981 rescheduling package is signed by the end of February, according to Herr Hans Friderichs, management board spokesman for Dresdner Bank.

He told the Nuernberger Nachrichten newspaper that Poland plans to pay the remaining interest due on 1981 debt, said to be around $250m, and this would clear the way for the package to be signed.

Paul Lendvai adds from Vienna: East-West tensions over Poland erupted yesterday for the first time at the normally sedate force reduction talks (MBFR). At the opening session of the 26th round of the 19-nation East-West talks, the western speaker Mr Leon Doyen, a Belgian, referred to Nato's recent resolution about the adverse impact of the military takeover in Poland on European security and co-operation.

The Soviet and Polish delegation chiefs sharply rejected what they called an "interference in the internal affairs of Poland," which had nothing to do with the subject of the Vienna-based negotiations. This reinforced the general impression here that the deadlocked talks are unlikely to make any progress in the present critical period of U.S.-Soviet relations.

West Germany boosts car production by 1.6%

BY KEVIN DONE IN FRANKFURT

THE WEST GERMAN motor industry began a concerted recovery in the second half of last year and succeeded in boosting car production by 1.6 per cent to 3.57m vehicles in a year when most European countries suffered a sharp fall in output.

The West German industry was supported by buoyant demand for exports, particularly in the major volume markets of West Europe, Italy, France and the UK. Car exports climbed by 4 per cent to 1.95m.

The domestic market staged a marked recovery in the second half of the year and new registrations ended the year with a fall of 4 per cent to 2.33m.

West German manufacturers succeedad in recovering lost ground from importers in the domestic market, however, and total import share dropped to 27.2 per cent from 28 per cent in 1980. The West German gains in the home market were achieved chiefly at the cost of Japanese and French manufacturers.

For the first time since the Japanese began their surge into the West German car market in the late 1970s, their share of the market and the absolute number of deliveries dropped last year.

The Japanese share of the West German car market dropped from 10.4 per cent to 10 per cent but their total sales declined by 7.5 per cent to 233,216 vehicles.

The Japanese share of the total commercial vehicle market was nearly doubled to 4 per cent from 2.5 per cent in 1980 and 1 per cent in 1979, while their share of sales of vehicles under 6 tonnes jumped to 8 per cent from 4.5 per cent.

The West German car market was hit by a boom in demand for diesel-driven vehicles last year, and new registrations of diesel cars increased by more than two-thirds to 335,000 vehicles compared with only 195,600 in 1980.

The West German counter-attack in world vehicle markets is being supported by an ambitious capital investment programme to rationalise and streamline production and to develop new model ranges.

Capital spending is expected to rise to DM 8.bn (£1.9bn) this year from DM 7.2bn in 1981 and DM 6.2bn in 1980 and DM 5bn in 1979. Capital spending in the three-year period 1981-83 is expected to be around 30 per cent above the level reached in 1978-80.

Danish ire over study by OECD

By Hilary Barnes in Copenhagen

MEMBERS of the Danish Government will be called on to explain their economic policies to Parliament's economic policy committee in the light of what is seen in Denmark as a scathing condemnation of the country's economic performance, in the OECD's annual survey of the Danish economy published yesterday.

It is exceptionally controversial because opposition parties claim that many of the report's recommendations are in line with the economic policy on which they campaigned in last December's general election.

The OECD recommends reduction in public spending, in particular by cutting unemployment and social security benefits, and a reform of the index-linked wage system.

Mr Ivar Noergaard, the Economy Minister, said the Government did not believe cutting unemployment benefits would help and he took a less serious view of the rising budget deficit. He denied that it had any influence on interest rates. The OECD report was "interesting reading" but the Government had no intention of changing the direction of its economic policies.

Community disclosure plans survive attack

BY JOHN WYLES IN BRUSSELS

EEC EMPLOYERS have failed in a bid to deal a decisive procedural blow to the European Commission's controversial draft directive which would impose Community-wide obligations on multinational companies to inform and consult their employees.

After a lively and occasionally heated debate, the Community's Economic and Social Committee has voted down by 78 votes to 63 a move by employers' representatives to have the Commission reconsider the entire directive and to re-open consultations with both sides of industry and with member government.

The committee went on to adopt a broadly favourable opinion on the directive, which will encourage its supporters inside and outside the Commission to press ahead with demands for early adoption by the Council of Ministers.

Although the committee's function is purely advisory and its influence less than the European Parliament's, the employers would have caused an important setback to the proposed directive if they had succeeded. However, the union representatives, who make up one-third of the membership, won enough support from the third of the committee representing professional, consumer and other interests to carry the day.

The result may well be a strong pointer to the balance of opinion in the Parliament on the directive, which is known as the "Vredeling proposal after the former Dutch Commissioner who sponsored its adoption by the Commission in October 1980.

Essentially, the proposal draws from and builds on West German, Dutch and Belgian disclosure laws and would require member states to pass national legislation in line with its provisions.

Adoption of such a proposal may well be several years away and, in the meantime, supporters and opponents will be focusing their efforts on the Parliament whose social affairs and employment committee has started work on draft recommendations.

Its rapporteur, Mr Tom Spencer, the Conservative MEP for Derbyshire, has proposed significant amendments which would, among other things, narrow the scope of the directive and partially remove the element of "extraterritoriality." This has been the focus of strong lobbying by U.S. companies, with some backing from the State Department.

They object to the fact that parent companies based in the U.S. could be required to divulge information not currently available to shareholders and in certain circumstances to consult directly representatives of workers employed in subsidiaries located in the EEC.

The Economic and Social Committee's opinion—less detailed and rigorous than Mr Spencer's draft—was almost wholly sympathetic to the Commission's approach. Significantly, it agreed with both the Commission and the European TUC that existing voluntary codes on disclosure of information agreed within the International Labour Organisation and the Organisation for Economic Co-operation and Development were inadequate because they were not binding on multinationals.

Mr Vredeling's successor as Social Affairs Commissioner, Britain's Mr Ivor Richard, has rejected calls to withdraw the proposal. He sees scope for redrafting and simplification. He believes there is a problem which ought to be dealt with at Community level and denies that the Commission is mounting a politically motivated attack on multinationals.

Romania rations electricity

By Our Berlin Correspondent

ROMANIA, which has some of the most serious economic problems in Eastern Europe, has announced severe electricity cuts. They will last several hours a day in Bucharest. Television broadcasting time is also to be curtailed and factories and offices are to adjust their production.

In recent weeks Bucharest has experienced several long power cuts. The official reason is that hydro-electric output has been hit by low water levels.

East Germany this week said that in order to save fuel it is preparing to use the tram system in East Berlin and other cities to transport goods during the night. Normal tram cars are to be rebuilt into freight cars carrying 6-9 tonnes of goods each.

Metalworkers reject 3%

BY STEWART FLEMING IN FRANKFURT

I G METAL, West Germany's largest union with 2.7m members, yesterday rejected a 3 per cent pay rise offered by metal industry employers. The offer, made in two local negotiations, compares with the union's 7.5 per cent claim.

In his response Herr Eugen Loderer, head of I. G. Metal, carefully avoided the sort of passionate rhetoric which characterised much of last year's bitter metal industry wage round. He said the offer was completely inadequate and did nothing for the lower wage groups.

In Stuttgart, meanwhile, Herr Gerhart Baum, the Interior Minister, was engaged in what were being described as last ditch discussions aimed at avoiding a strike by public sector employees.

The Government, partly as an element of its budget economies but also, it is suspected, in order to try to set an example for other union negotiations, has demanded that public sector workers accept a 1 per cent cut in wages.

Steelworkers go on strike in Belgium

BRUSSELS — Some 25,000 workers at Belgium's Cockerill-Sambre steelworks went on strike yesterday after the Government failed to agree on a $900m (£473) aid package for the company and proposed wage cuts.

The strikes mark the end of a month of industrial calm since Belgium's new centre-right government took office.

Cockerill-Sambre, the major industry of the depressed Walloon area of Belgium, lost about $180m last year and is in urgent need of funds to stave off bankruptcy and begin a five-year modernisation programme.

But talks between the Government and the country's leading banks broke down earlier this month.

The socialist trade union federation the FGTB, also said yesterday that its 1.3m members would strike on February 8 in protest against the Government's economic policies. Reuter

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y. and at additional mailing centres.

Surprise election catches Irish parties with few new policies

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

IRELAND will be faced with its second general election in only eight months, following the Government's surprise defeat over its Draconian budget on Wednesday night.

Within hours, Government party workers were out in several places sticking up election posters.

The Irish like elections and they fight them with flair. No one, though, has ever fought an election like this.

All three main parties are short of funds and even shorter on policies. The Fine Gael-Labour Government will have to run on a budget policy whose provisions would have hit almost every section of Irish society, from property speculators to mothers buying shoes for their children.

Fianna Fail, the main opposition party, on the other hand, will have to stick with the economic analysis it put forward in the last election and which basically argued that there was no economic crisis. Not even Fianna Fail believes that anymore but there has been no time for Dr Martin O'Donoghue, the new finance spokesman, to construct a credible alternative.

Labour, the smallest of the three parties, is in the worst position of all. It polled badly last June, partly because of the attractions of Dr Garret FitzGerald's slightly left-of-centre Fine Gael.

The party decided to go into a coalition, but not without considerable internal argument. Now it must face its supporters without having had time to show that the coalition could deal eventually with the problems of unemployment and inflation.

For Dr FitzGerald, the Prime Minister, the distinction of having headed the shortest-lived Government since 1927 is a bitter pill. The first reaction was that he had miscalculated the attitude of the Socialist independent TDs (MPs) and drawn up an insensitive budget.

The problem was more profound than that, however. The financial targets the Government set itself, and the way it went about achieving them were bound to produce a budget which would be too unpalatable for Mr Jim Kemmy, Mr Joe Sherlock and their working-class supporters.

No independent economist or commentator disputes that view. The Government undoubtedly was right in its attempts to reduce the horrendous budget deficits and borrowing requirements. The goal was to phase out the deficit over four years and bring borrowing down from 17 per cent of gross national product to below 10 per cent.

In retrospect, the fatal flaw in the Government's strategy may well have lain in its failure to impose more cuts on spending, thus leaving it no choice but to impose taxes which would have added almost 5 per cent to the cost of living while reducing many people's take-home pay.

On the Government's own estimates, Government spending was set to rise by 18 per cent this year and capital expenditure alone by 13 per cent.

As Professor Brendan Walsh, Professor of Economics at University College, Dublin, points out, foreign indebtedness and the proportion of national output needed to service it would both have risen this year, even if the budget had been passed.

It seems that the only way out is a severe and sustained assault on public spending, particularly on wages and salaries. That would appear to be implicit in Dr O'Donoghue's prescription for a reduction in the deficits which would not worsen inflation. However, he is not going to say so before polling day.

Fianna Fail's strategy will be to promise nothing and hammer the budget. It looks like a winning formula and the party's leader, Mr Charles Haughey—who had probably begun to feel the gods were against him—has at last struck lucky.

It is only a week since he was battling to keep his party together and himself as leader after Mr Charles M'Creevy, a Kildare backbencher, openly challenged party policy. Today Mr Haughey is favourite with the bookmakers to return to power.

Among the grimmest faces as the 22nd Dail collapsed were those of the so-called anti-Haughey faction. A win for Fianna Fail under Mr Haughey will leave them in the wilderness a long time.

Dr Fitzgerald is determined to fight on his Government's economic policies but he will also try to turn the Northern Ireland issue to his advantage. The argument will be that his relations with both the British and with Ulster Unionists are better than Mr Haughey's, whose stress on a united Ireland infuriates the Unionists and eventually irritated Mrs Margaret Thatcher.

The short campaign will mean that the new Government will be installed before Mr James Prior, Northern Ireland Secretary, launches his initiative to restore devolved power in Belfast.

It is a fair guess that British ministers will be unhappy about Mr Haughey's public dismissal of internal initiatives of this kind. Too much should not be made of this, however. If Mr. Prior can win the consent of northern Catholics in the shape of the Social Democratic and Labour Party for his plans, no Irish Government will seriously stand in the way of its implementation.

The most worrying aspect of the debacle is that at least two months, and possibly more, may be lost while the country continues to borrow at the rate of Ir£5m (£4m) a day.

Ireland's creditors may console themselves with the thought that any Government with a working majority would be in a better position to implement the necessary measures than Dr Fitzgerald's hamstrung administration.

Most politicians blanch and hurry on at the very suggestion of another hung Dail. It has to be said, however, that the present line-up of the proportional representation constituencies makes it difficult for either group to achieve an overall majority.

Israelis reject Haig proposals on autonomy

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS totally rejected most of the compromise proposals presented by Mr Alexander Haig, the U.S. Secretary of State, who is seeking a breakthrough on the deadlocked Palestinian autonomy issue before Israel's final withdrawal from Sinai in April.

After prolonged discussions with Mr Menahem Begin, the Prime Minister, and other senior Ministers, Mr Haig said: "It is clear and more clear as a result of this visit that topics associated with autonomy are extremely complexed and difficult."

The Secretary of State suggested a number of compromises concerning the size and powers of the proposed Palestinian self-governing authority, which Israel wants to restrict to no more than 20 elected members with administrative powers only.

Mr Haig apparently argued that Israel must offer the Palestinians an active role in running their own affairs if autonomy is to be attractive to them. He suggested a 40-member authority with limited legislative powers. He also proposed that jointly with Israel, it should share a veto over use by the other of the lands and water resources of the occupied West Bank and Gaza Strip.

This latter point would also mean some restrictions upon the freedom of Israel to establish and enlarge its settlements in the occupied territories, which Mr Begin and his ministers rejected outright. They also rejected the possibility of granting legislative powers to the Palestinians, and said they would consider enlarging the self-governing body only if Egypt proves that each of the members would have a functional role.

The Begin Government does not want the self-governing authority to take on the framework of a mini-parliament, with legislative and judicial powers, which it fears would be the beginning of an independent Palestinian Government.

Mr Haig said on departure from Israel that progress had been made in clarifying some of the issues.

But, he added, "There remain very important differences in a number of other areas."

In a clear effort to hide the lack of progress in Jerusalem, he noted that the autonomy talks have already been under way for two and a half years without reaching a conclusion.

"What we are are seeking to do," Mr Haig said, "is to see if it is possible to close a number of existing differences. There are still far more differences than there are agreements. There is a great deal of work to be done," he said.

David Tonge adds: Lord Carrington, the British Foreign Secretary is to visit Syria from April 12-14 and Jordan from April 14-16, the Foreign Office announced yesterday. However, he has had to delay a trip to Israel in early March because President Francois Mitterrand of France will be visiting the country.

Fighting in Lebanon

LARGE-SCALE clashes broke out yesterday in southern Lebanon between Leftists and militiamen of the Shi'ite paramilitary organisation "Amal," Ihsan Hijazi reports from Beirut.

According to the state-controlled Radio Lebanon, artillery and other heavy weapons were used in the fighting, which started at the village of Hinawiyeh.

The violence was a sequel to similar clashes earlier in the week in the southern towns of Nabatiyah and Jouya, which left three dead and and many wounded.

Guerrillas from the main Palestinian group, El-Fatah, were said to have been involved in the fighting in Jouya earlier in the week. Units of the United Nations peace-keeping force stationed in the town had come under attack, but the situation there was reported yesterday to be calm.

Mr Howard

Australian inflation rate jumps 4.2%

By Patricia Newby in Canberra

AUSTRALIA'S inflation rate jumped 4.2 per centage points in the December quarter, pushing the annual rate to 11.3 per cent, according to the Government Statistician's figures issned yesterday. The rise was the largest in a quarter for five years.

Although a rise in the consumer price index during the final quarter had heen expected, its size shocked the Government, which had hoped to keep inflation to 10.75 per cent for the fiscal year to Jnne 30, 1982.

Mr John Howard, the Treasurer, said soma rise bad been expected because of increased health insurance premiums. These accounted for 1.3 percentage points, Mr Howard said. Sales tax increases accounted for another 0.5 per cent.

Australia now has a higher inflation rate than most of its trading partners and the Organisation for Economic Co-operation and Development (OECD) average, reversing the situation a few months ago.

Mr Howard described the rise as "unwelcome" and "adverse news for the Australian economy." He cited recent wage settlements as a "source of growing concern" to the Government in the maintenance of Australia's competitive position. Most recent settlements have been for an immediate 10 per cent rise, with another 5 per cent in Jnne.

It will now be much more difficult for Mr Malcolm Fraser's Liberal - National Country Party Government to hand out tax cuts this year. The Government bad hoped to be able to cut income taxes in this year's August budget so that they could take effect before the Government faces an election in 1983.

Most political analysts believe it will be essential for Mr Fraser to cut taxes, no matter how bad the inflation rate, if be is to prevent a swing to Labor in 1983 which would sweep him from power.

South African police fire on squatters

By Bernard Simon in Johannesburg

SOUTH AFRICAN police yesterday opened fire on squatters at Nyanga, outside Cape Town, during a four-day operation to dislodge blacks who are living illegally in the western Cape.

A pre-dawn raid followed action earlier in the week in which about 100 policemen and government inspectors flattened a plastic shelter housing about 70 squatters. Several squatters are reported to have been injured by police bullets, and others were arrested.

The raids come in the wake of last year's expulsion of more than 1,000 blacks from the Cape Town area to impoverished tribal "homelands" in the eastern Cape. Many of these people have made their way back to Cape Town in search of jobs.

The Chief Commissioner of Black Affairs in the western Cape, Mr Timo Bezuidenhout, said that the authorities would not tolerate the erection of makeshift shelters by squatters at Nyanga, and that they would be immediately demolished.

Mr Bezuidenhout said he would meet the squatters to explain how they could become legal contract workers in the area.

Meanwhile, a commission of inquiry has called for sweeping changes in the Government's housing policies, to overcome a severe accommodation shortage. The report of the commission, headed by Mr Boet Viljoen, chief executive of a large building society, said that in Soweto alone there was a backlog of 35,000 houses in mid-1981, and the shortage is growing by 4,000 houses a year.

Whites to be charged in Zimbabwe

Four whites detained under Zimbabwe's emergency laws will appear in court in March charged with plotting an act of terrorism and possessing weapons a spokesman for the Attorney-General said yesterday Reuter reports from Salisbury.

WORLD BANK PRESCRIPTION

Indonesia oil industry 'needs cash boost'

BY RICHARD COWPER IN JAKARTA

INDONESIA will require a massive increase in investment in oil exploration and the development of non-oil energy resources if the country is to avoid becoming a net energy importer within the next two decades, according to the World Bank.

Indonesia is currently the largest oil and gas exporter between the Middle East and the U.S. west coast and depends on petroleum sales for around 70 per cent of both total exports and government income.

In an energy report, the World Bank says that to speed up such development, Indonesia should consider making important changes at Pertamina, the country's state-owned oil company.

The bank recommends that a completely new agency be set up to control the development of Indonesia's geothermal resources, and that Pertamina subsidiaries should be set up to handle hydropower and natural gas.

The Bank says that Pertamina, which is responsible for the activities related to gas, hydro-electric and geothermal developments, should be more closely supervised by the Government.

Pertamina brought Indonesia to the verge of bankruptcy in 1975 when debts amounting to almost $10bn were run up under its former President Director, the flamboyant Ibnu Sutowo.

Following this debacle, many of Pertamina's ventures in shipping, hotels and aircraft were taken over by other Government departments and today the company is healthy. But, given domestic oil consumption growth of over 10 per cent a year and the prospect of increases in annual oil output of just 2 per cent, the Bank believes that a further rationalisation of the company would help to improve Indonesia's energy outlook.

The Bank of America said in a recent report that the fall in energy exports could create serious balance of payments problems for Indonesia. A $2.9bn surplus in 1980 could turn into a $11bn deficit by 1990, the Bank said.

Jakarta lukewarm after Kampuchea rejection

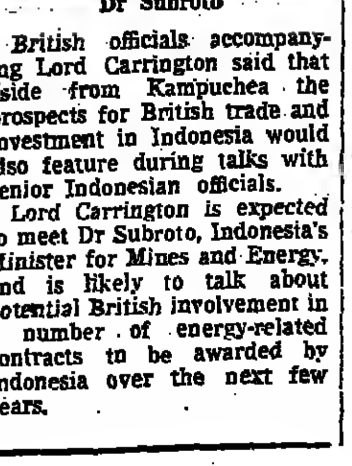
BY RICHARD COWPER IN JAKARTA

BRITAIN'S Foreign Secretary, Lord Carrington, arrived in Indonesia yesterday on the first leg of a two-week tour of the Association of South-East Asian Nations (Asean) at a time when the group's latest peace initiative on Kampuchea has received a serious setback.

Lord Carrington will meet Mr Mochtar Kusumaatmadja, Indonesia's Foreign Minister, today to be briefed on the latest developments connected with Asean's foundering attempt to create a loose coalition of forces opposed to the Vietnamese-backed Heng Samrin regime in Kampuchea.

Asean's proposals were rejected last week by the Khmer Rouge, the strongest of the three factions in the proposed coalition.

Indonesian officials have been lukewarm over the coalition proposals from the start and showed little surprise when the Khmer Rouge turned down the proposals last week. In private the Indonesians have consistently said that there can be no solution to the problem without the participation of Vietnam and have expressed dismay at what they regard as Singapore's attempts to promote coalition.



Dr Subroto

British officials accompanying Lord Carrington said that aside from Kampuchea the prospects for British trade and investment in Indonesia would also feature during talks with senior Indonesian officials.

Lord Carrington is expected to meet Dr Subroto, Indonesia's Minister for Mines and Energy, and is likely to talk about potential British involvement in a number of energy-related contracts to be awarded by Indonesia over the next few years.

Alain Cass, Asia Editor, recently in the sub-continent, reports on two hostile nations

Suspicion surrounds talk of no war

INDIA AND Pakistan, each professing good intentions, sit down tomorrow to talk about the elusive goal of peace in the subcontinent.

Not for the first time the talks are clouded by suspicion, simmering hostility and that special brand of cynicism each reserves for the other.

Paradoxically perhaps the meeting is being widely seen not as a first step towards a sensible, working relationship but as a sign that the fourth war since partition in 1947 may be on its way.

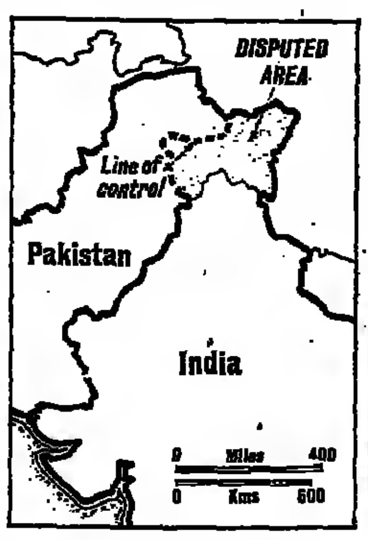
The talks about a "no-war" pact were triggered by Pakistan's purchase of 40 F-16 combat aircraft from the U.S. as part of a $3.3bn aid package. The deal represents a new relationship between Islamabad and Washington and a clear commitmeot by the U.S. to underwrite President Zia ul-Haq's unpopular junta as part of a widar effort to stem Soviet expansionism.

India saya tha F-16s represent a threat to her security because, for the first time, Pakistani warplanes can strike any target on Indian soil. Mrs Indira Gandhi, the Prime Minister, bas been beating the war drum warning that "we must be ready to defend ourselves."

Her officials maintain that Pakistan remains a hostile and embittered nation arming itself to the teeth to avenge tbe humiliation of 1971 when the Indian army helped carve out Bangladesh out of what was East Pakistan. U.S. assnrances are brushed aside with barely concealed contempt.

The Pakistanis say it is India which is engaged in a relentless arms build-up because her leaders cannot—even 34 years after the end of the British Raj, stomach the presence of an independent, Moslem state in the subcontinent. "That's the nub of it," commented one

Agha Shahi



PV Narasimha Rao

general, "all the rest is window dressing."

The irony of this situation is that both countries desperately need a long period of peace and stability. Mrs Gandbi, firmly in the saddle as the undisputed leader of India, presides over a country riven with problems.

Separatism in the north-east threatens to sever the jugular of India's indigenous oil supply, communal tensions constantly tear at the fragile social fabric, the economic malaise keeps perhaps 300m people barely above starvation levela and official corruption has reached epidemic proportions.

In Pakistan President Zia play's rough to keep bis own house in order. Despite a recent mild relaxation of the military's grip and the establishment of a civilian Federal Advisory Council after nearly five years of martial law there are no signs that Pakistan's deep problems are any nearer solutioo.

Separatist tendencies in Baluchistan, the Soviet army bovering at the Khyber Pass, a flood of refugees from Afghanistan, an economy barely keeping its head above water and the alienation of large sections of the population are all problems which could combine to overwhelm him.

The framework for peacefully settling the two countries' outstanding quarrels auch as tbe key issue of who owns tbe coveted Vale of Kashmir already exists first in the Tashkent Declaration signed in the wake of the 1965 war and later in the Simla Agreement which followed the war over Bangladesh in 1971. A "no-war" pact is only needed because war has suddenly become a possibility. "The problem" as one Indian diplomat put it "is one of thraat perception." The wnrld looks a very differeot place depending on whether you see it from Islamabad or New Delhi.

For tbe Pakistanis Indian policy in recent years is unmistakeably belligerent. The massive arms purchases—the Jaguar deep penetration strike aircraft, MiG 25s and possibly MiG 27s, negotiations for the Mirage 2000, the build-up of its blue water fleet, its steadily expanding mechanised diviaions—are "like a dagger pointed at our heart," said ooe senior Pakistanl official.

Coupled with India's increased military and economic dependence oo the Soviet Union, its ambivalent attitude towards the Russian invasion in Afghanistan and the undoubted resentment, even hatrad, felt by many Hindus towards Pakistan, the picture looks pretty gloomy for tbe Moslem state.

The Indians talk—less convincingly—of "hotheads" in the Pakistani army and of Pakistan's clear determination to push ahead witb its nuclear technology. Despite repeated denials hy President Zia it seems certain that Pakistan would like to detonate a nuclear device, if this did not endanger the U.S. deal, as a mark of its non-alignment and its determination oot to be pusbed around.

But at the heart of Iodia's unease over the Pakistani arms build-up is the belief that this will threaten not India's security but its absolute dominance in the region whicb, Mrs Gandhi maintains, has been and sbould remaio the anchor of stability in the region.

The problem with this argument ia that it ignores—either deliberately or because India'a vision is so introverted—the fundamental cbange brought about by the dismemberment of Pakistan in 1971.

The concept of balance of powers based on military parity was destroyed at the time and can never be restored, as the Pakistanis readily concede. "India is bigger than us. It is houod to domioate tbe region. That we accept," said one Pakistani Minister. "What we can't accept is Indian hegemony which feels it has the right to tell us who our friends ought to be and what arms we ahould buy."

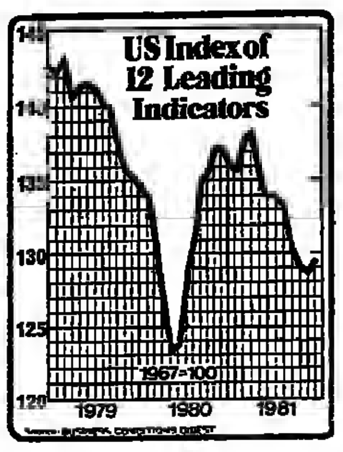
The talks between Mr Aga Sbahi, Pakistan's Foreign Minister, aod Mr Narasimha Rap, his Indian counterpart, will centre on what both sides describe as confidence-building measures. These will include an Indian demand tbat Pakistan reconsidcr the F-16 deal and a Pakistani counter that India concedes the principle of discussing a mutually agreed balance of forces.

India is also concerned that the U.S. is seeking to pit a hostile Pakistan against India as a way of containing Soviet influence. Pakistan, for its part, wants to be reassured that it is not going to gat caught in between the Iodian anvil on its western front and the Russian bammer on its eastern front.

These are the crucial questions both sides must tackle and resolve. If they do not and the talks drag on and eventually fizzle out, a war in the next two years — the delivery time for the F-16s — may become a self-fulfilling prophecy.

Economic figures show recession may soon ease

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON



THE INDEX of leading U.S. economic indicators rose for the first time since the summer in December, lending support to the Reagan Administration's claim that the country will pull out of recession in the spring.

Mr Malcolm Baldridge, the Commerce Secretary, welcoming the news, said it suggested that the recession "may soon touch bottom."

The 0.6 per cent December rise in the index, the government's most sensitive measure of likely economic developments in the weeks and months ahead, was the first since a modest rise of 0.1 per cent in July.

It was the first significant rise since a similar 0.6 per cent increase last April.

The index fell 0.7 per cent in August, followed by declines of 1.7 per cent in September, 1.8 per cent in October and 0.2 per cent in November, according to revised figures published yesterday.

Preliminary figures issued by the Commerce Department last week showed the economy contracting at an annual rate of 5.2 per cent in the last quarter of 1981.

The general view in the Administration is that there will be a further fall of perhaps around 2 per cent in the current, first quarter, followed by an upturn in the second. Private economists are less optimistic than the Administration, however, over how strong the upturn will be.

Five of the 10 indicators in the composite index were responsible for the December increase—the lay-off rate, new orders, building permits, stock prices and the money supply, with building permits making the biggest contribution.

These five rises more than offset declines in the other five indicators—the average working week, deliveries to companies, contracts and orders for plant and equipment, raw materials and liquid assets.

Suspicion greets Reagan federalism initiative

BY ANATOLE KALETSKY

PRESIDENT REAGAN may have put at risk his unbroken record for imposing his will on a recalcitrant Congress with his decision to make "the new federalism" the cornerstone of his legislative programme for the coming year.

As the nation digests Tuesday's state of the union message, there is little sign of enthusiasm for the federalism proposals and first reactions from national and local politicians range from suspicion among many Conservative Republicans to hostility and outrage among Democrats and leaders of the civil rights and welfare lobbies.

In Washington there is a widespread feeling that the proposal for sweeping reforms in the organisation of U.S. government may have been rushed out to distract attention from immediate economic problems.

Mr James Baker, the White House Chief of Staff, has said an advantage of launching this "dramatic and bold initiative" is that "it's going to allow us to dominate the debate" in the coming year.

But Democrats, including former vice-president Walter Mondale have warned the President "will not get away with changing the subject" from the economy to federalism.

Congressional leaders of both parties predict grave difficulties in steering the legislation through Congress and emphasise that there will be almost unprecedented opportunities for the President's opponents to obstruct him because of the large number of congressional committees involved in the 40-odd programmes which the President wants to hand over to the states.

The most fundamental objection to the whole plan is that after the transition period is over, in 1991, there will be nothing to prevent certain states from eliminating many of the benefits and social programmes and allowing their residents the full benefit of the phasing out of federal excise taxes, which is part of the federalism plan.

The northern industrial states fear they will become "magnets for the poor" because of their liberal welfare policies but will find their revenue bases shrinking steadily because of the high local taxes that would be required to pay for the welfare programmes.

State governors and legislators have been shown to be with calculating the net effect of the federalism plans on their budgets and the results are not encouraging. The part of the proposal which has so far been described in detail, the swapping of responsibilities for Medicaid, food stamps and aid for families with dependent children (AFDC) would produce large net financial benefits for liberal industrial states with big Medicaid commitments, while conservative southern states would lose out.

But because the liberal states, such as New York, Massachusetts, New Jersey, Illinois and California are gravely concerned about the long-term impact of the federalism approach, the administration cannot expect much support.

Governors of conservative states such as Texas, which provide only minimal Medicaid benefits, are worried about the proposals because in some cases they have large food stamp commitments.

New York State has estimated it would gain about $680m from a straight swap for relinquishing its share of Medicaid costs and accepting in exchange the full cost of food stamps and AFDC. North Carolina, on the other hand, would lose about $193m from the same swap.

The administration has said the distribution of the planned "federalism trust fund," which will be financed from federal excise taxes and from the windfall profits tax on oil companies, will be designed to iron out these inequalities.

There should be no net losses or gains from the whole package, according to the White House. But until the details are announced, there will be scepticism about whether such a balancing will be feasible.

Fed plans guidelines on bank takeovers

BY Our New York Staff

THE Federal Reserve Board trying to draw up guidelines potential competitive or at trust problems as the U.S. bank takeovers accele and legislative reform wi the scope for them.

The guidelines, the Fed would be applied when it siders applications from b for permission to merge. Fed is one of the major lators of the U.S. b industry.

The mergers would be nised if they meet the follo criteria:

● The bank to be acquir in a concentrated market the top three banks cont per cent or more of deposi

● There are relatively other potential entrants market.

● The market is potent attractive to other entrants.

● The bank to be acquir a leading market position.

The Fed is putting out guidelines for public comm before the end of March.

Proposed mergers meeti four criteria would be investigated, the Fed said ever, officials are still wo on precise definitions of terms as market concent to clarify the guidelines.

Reagan confirms meeting with Cuba

President Reagan has conf that Mr Alexander Haig Secretary of State, met se with a Cuban vice-preside Mexico last autumn, AP re from Washington.

The President also said Wednesday that the U.S. discussed Soviet arms ments to Cuba with Sa leaders. He said he "nothing out," nothing including a blockade, possible countermeasure.

Philadelphia paper to close today

THE Philadelphia Bulletin one time the city's most suc ful newspaper, will close after nearly 135 years' pub tion, writes our Washi Correspondent.

The closure was annou by the editor on Wedn after Charter Company Florida-based newspaper g which owned the Bull abandoned negotiations wit possible buyer.

Border row shakes Quito

BY OUR FOREIGN STAFF

THE UNRESOLVED question of Ecuador's undemarcated southern frontier with Peru, which led to major military incidents last year, is the latest in a series of crises which is threatening the stability of democratic government.

The Minister of Defence, General Richelieu Levoyer, and two top army generals have been replaced. General Levoyer, who has had conversations with right-wing political groups in Ecuador has accused President Hurtado of wanting to betray Ecuador's territorial claims by agreeing to close the Amazon border with Peru.

President Hurtado has taken a major political risk by suggestion that Ecuador should talk openly of frontier problem.

Ecuador lost a border war with its more powerful southern neighbour in 1941.

As a result it was obliged to sign the treaty of Rio de Janeiro under which it gave large areas of territory to Peru. Successive Ecuadorean governments have denounced the treaty as null.

One of Ecuador's strongest parties the Concentration of Popular Forces (CFP) is demanding a clear statement from President Hurtado that he too regards the Rio treaty as invalid. The CFP demands are blunting President Hurtado's efforts to rally support from CFP members and thus strengthen his position against a possible right wing coup.

Robin Pauley looks at the U.S. Administration's plan for enterprise zones

Business to be offered tax incentives

A TRIP to the Far East by an English professor in 1977 produced the germ of an idea which led to the creation of 11 experimental enterprise zones in Britain in 1980. The U.S. administration has now taken up the same idea because of their success.

President Reagan's announcements on Tuesday included plans to create 25 zones with large-scale incentives and tax reliefs to try to encourage investment in some of the country's most depressed inner city areas.

Criticisms voiced

The same reasons prompted Sir Geoffrey Howe, Britain's Chancellor, to set up 11 zones for an experimental period of 10 years to try to revitalise decaying areas which had proved resistant to all traditional methods of regeneration.

Some of the criticisms of the scheme voiced in the U.S. are similar to those which were made in Britain in 1980.

It is argued that the scheme creates no new jobs but simply shifts businesses into the zones, where they can pick up the benefits, leaving other areas correspondingly deprived of resources.

Defenders of the scheme say any experiment is worth trying when all else has failed.

The U.S. plan for the zones includes major, and controversial, tax incentives such as:

● A special investment tax credit for capital investment in addition to the existing investment tax credit. The new credit would be between 3 per cent and 10 per cent related to depreciation ages.

● Exemption from capital gains tax.

● Losses on business to be carried against tax for up to 20 years.

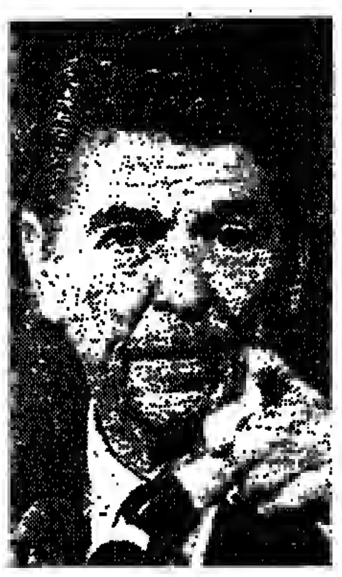
● A 10 per cent employer tax credit and 5 per cent employee tax credit on salaries paid for work inside a zone.

● A tax credit of 50 per cent of the wages paid to poor workers and those from disadvantaged groups for each of the first three years of employment, declining by 10 percentage points thereafter.

● Industrialised development bonds to finance small businesses within a zone.

The U.S. Treasury Department estimates the cost to the Government in lost revenue from the tax incentives at between $10m and $13m a year per zone with an annual cost of about $300m a year for the first 25 zones.

The reliefs effectively end at least 75 per cent of corporate income tax, end CGT, make start-up finance easier to obtain and encourage the creation of new jobs with tax relief on wages for both employers and workers.



President Reagan announces plans to lure business into inner city areas.

State and local tax relief is also likely and there are moves to ease planning regulations and controls at federal, state and local level.

This is all closely modelled on the UK version which the U.S. administration has been monitoring closely for some time.

The UK zones are a maximum of 500 acres each with as many bureaucratic and planning restraints as possible removed.

Companies in UK zones benefit from:

● Exemption from Development Land Tax.

● Exemption from all property taxes on industrial and commercial property.

● Capital allowances of 100 per cent for commercial and industrial buildings.

● Simplified planning procedures.

● Exemption from the need for industrial and development certificates.

● Exemption from industrial training board requirements.

● Much faster customs facilities.

State legislation

The idea was originated by Professor Peter Hall, Professor of Geography at Reading University, when he looked at the free port areas of Singapore, Kowloon and Hong Kong.

He proposed UK freeports with no customs or immigration controls and as much freedom to allow people to make money and generate new jobs as possible. The Government modified his ideas heavily.

A similar idea exists in the U.S. with the Kemp-Garcia Bill in Congress which, in addition to an extensive number of additional tax and social security incentives for enterprise zones, encourages the federal Foreign Trade Zones Board to consider extending the status of free trade zone to enterprise zones.

The incentives and reliefs in the zones were also obviously going to be attractive that a number of states, led by Connecticut, enacted legislation in advance of federal plans in case they were excluded from the small list of designated areas.

Connecticut received a good business response when it brought in plans for a new state law giving freedom from all property taxes for five years to business which set up in specified city zones.

They also get a seven-year guarantee against higher property tax assessments, exemption from state sales taxes and a 50 per cent cut in the state corporate income tax.

Employers can also obtain $1,000 for each new full-time job created and have access to low-cost start-up and expansion loans from a pool funded by state bonds. One estimate showed that incentives could total $200 for each $1,000 invested in a city enterprise zone.

At least eight other states are contemplating similar measures for their state legislatures.

Unesco move over news group

By David Tonge

WESTERN countries are expressing relief at the half-victory they believe they won in Mexico earlier this week.

A ten-day conference in Acapulco on improving Third World communications ended on Monday without any fresh steps to increase state control over the media.

Instead the 35 countries on the council of the International Programme for Development of Communications (IPDC) kept politics under wraps as they agreed to provide nearly $1m to support 17 projects in developing countries.

One of these is for a Pan-African News Agency, a grouping set up by 48 African nations. Another is for a so-called Asia-Pacific News Network.

IPDC was set up in 1980 by a conference of the UN Educational, Scientific and Cultural Organisation. Third World countries had been pressing for a "new world information order" designed to counter what they saw as the slanting of news by Western media. However, countries such as the U.S. and Britain have been vigorously resisting this new order, fearing it will legitimise government control over journalists.

In 1980 the U.S. proposed the establishment of IPDC, hoping this body could deal with concrete plans rather than ideology. It believes its view has prevailed to Acapulco.

IPDC "seems to be heading in the right direction," Mr William Harley, a U.S. State Department consultant to Unesco said after the meeting. The British view is that IPDC should mainly act as a clearing house for new projects.

Unlike the U.S., Britain has not been prepared to offer any funds to the new body. Contributors range from the Soviet Union to Arabic countries, though total pledges for this year only reach about $3m compared with $80m worth of projects which were considered.

However, Western countries generally believe that, even if IPDC does develop, the issue of the new world information order will still cause battle lines to be drawn at Unesco's General Conference next year. They expect less trouble during debate on Unesco's medium plan term in Paris this summer.

Washington warns development bank

BY OUR FOREIGN STAFF

WASHINGTON GAVE a clear warning yesterday that the Inter-American Development Bank was being too optimistic in the assumptions it was making about the money it could receive from the U.S. Treasury. The IDB has been seeking $5.3bn (£2.8bn) from the U.S. Government to replenish its funds.

Speaking at the two-day meeting of the bank's board of governors in Lisbon, Mr Thomas C. Dawson, U.S. Deputy Assistant Secretary of the Treasury, said bluntly that the IDB was being "unrealistic."

"With the demands we have on our resources and in the face of this Administration's determination to reduce the budget burden we would find it difficult, if not impossible, to support such a level," he declared.

Sr Antonio Ortiz Mena, the Mexican president of the Bank, announced a few days ago that the U.S. had paid only part of its contribution to the increased capital sought by the IDB. This poses a severe problem for the Bank, as the U.S. share in capital must not fall below 34 per cent. A shortfall in contributions means a shortfall in the funds subscribed by other members.

The U.S. is unwilling to subscribe new capital to a lateral financial institution over which it feels it has limited control.

هكذا من الأصل

Mexico wants concessions on trade from U.S.

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO IS to ask the U.S. for special trade concessions to try to boost its declining non-oil exports.

But U.S. officials say it is most unlikely concessions will be granted because this would create an awkward precedent at a time when Washington is demanding more reciprocity from its other leading trade partners.

The Foreign Trade Cabinet decided on Wednesday to ask the Reagan Administration to allow Mexico to continue subsidising manufactured exports for two years, during which time the U.S. would give these Mexican exports an "injury test" to see if they harmed U.S. markets.

If Mexico passed the "injury test," it would be much more difficult to impose contervailing duties on its subsidised exports.

As Mexico did not sign the latest General Agreement on Tariffs and Trade code of conduct on subsidies and countervailing duties, there need be no proof of damage to U.S. interests before duties are imposed on subsidised Mexican exports.

Countervailing duties were imposed last year on subsidiaed Mexican leather goods and are likely to be applied soon on toy balloons and ceramic tiles.

These are just the sort of exports Mexico is desperately trying to sell in the U.S. to lessen its dependence upon oil and create more jobs.

Oil accounted for over two-thirds of Mexico's exports last year and other exports declined in real terms, because of the overvalued Peso and high domestic demand.

Mexico, whose trade deficit with the U.S. in 1981 was more than \$4bn (£2.14bn) fears that duties will be imposed on many more of its exports.

The government is not prepared to sign the Gatt code, since it rejected Gatt membership in 1980 after an intense nationalistic debate.

And neither is it prepared to devalue the Peso which would sharpen the competitiveness of its non-oil exports.

Washington sets great store by improving its relations with its oil-rich neighbour, and Mexico is playing on this in the hope of extracting concessions.

Record high for Swiss watch exports

By John Wicks in Zurich

SWISS watch industry exports reached a record high of SwFr 3.91bn (£1.1bn) last year. This is 10 per cent above the 1980 figure and more than 5 per cent higher than the previous peak, registered in 1974.

In volume terms, however, Swiss exports of watches and finished movements fell by about 11.1 per cent last year to a total of 45.3m units. This is the lowest volume recorded since 1962.

A marked decline in the sale of lower-priced products was more than offset by increased turnover in dearer watches and movements, according to the Swiss Watch Chamber in La Chaux- de-Fonds.

Electronic products showed a rise in volume sales of as much as 42.4 per cent, their share in total sales thus rising sharply from 19.6 to 31.4 per cent during the year.

While anchor watches and movements continue to lead Swiss production, their share in sales volume dropped to some 45 per cent in 1981.

Elsewhere in the mechanical sector, there was a marked drop in volume sales of pin-lever watches and movements of the so-called Roskopf category.

Italy reaches Soviet gas supply agreement

BY JAMES BUXTON IN ROME

SNAM, the gas subsidiary of the Italian state energy holding company ENI, has reached an agreement with the Soviet concern Soyuzgasexport covering all aspects of gas supplies to Italy through the Yamal pipeline. But the agreement has still to be ratified and signed by the government.

The agreement covers the supply of 8bn cu m of gas a year for 25 years at a price similar to that being paid by West Germany and France. It follows an agreement in principle reached last October.

Confirmation by ENI that the technical and economic agreement had been reached —which followed a statement to that effect by a leading Italian Communist Party politician—is embarrassing to the government. In the wake of the Polish clampdown, it imposed a "pause for reflection" on negotiations on the pipeline, a decision influenced by domestic political considerations and U.S. requests.

The pause did not apparently apply to technical negotiations, and the agreement between SNAM and its Soviet counterpart appears to have been finalised in the last few days. The government insists that no decision has yet been made on whether to accept any or all the gas under the accord. Last weekend, France signed an agreement to a similar quantity of Soviet gas.

The Italian Government is, however, to become involved in the negotiations between ENI and Sonatrach, the Algerian state energy company, on gas supplies via the already complete trans-Mediterranean pipeline. The negotiations are to be resumed with greater impetus following the visit to Rome of Mr Mohammed Seddik Ben Yahya, the Algerian Foreign Minister.

The key issue here is the price at which Italy will purchase the 12bn cu m of gas that the pipeline will eventually provide. Algeria has rejected a previous agreement that was designed to make the gas competitive with the energy sources it would replace or supplement, and is seeking to index the price of gas strictly to the price of oil. Italy argues that this would make the gas uncompetitive.

It appears that both sides are looking for a solution under which Italy, while not accepting the Algerian price formula, would make available concessionary credits and other assistance to help Algeria's economic development. This would benefit Italian companies, who are suffering from the delay Algerian government approval for about L500bn (£217m) worth of contracts, as a result of the disagreement on the pipeline.

France is considering a similar solution for supplies of Algerian gas, under which it would pay a premium which would be used to finance French projects in Algeria. Earlier this week, however, the signing of an agreement between the French and Algerians was put off at the last minute.

Israelis voice concern over Arab reactor interest

BY DAVID LENNON IN TEL AVIV

ISRAELI nuclear experts are concerned about the prospects of Canada selling nuclear reactors to three Arab countries which Israel fears may use them to produce nuclear weapons.

The worry in Israel arose over the visit to the region of Mr Marc Lalonde, the Canadian Minister of Energy, Mines and Resources, whose visit to Egypt, Kuwait and now Saudi Arabia, have produced reports of pending nuclear reactor deals.

The Canadians deny that any agreements have been signed for the sale of reactors to these three countries, and further emphasise that in any case Ottawa has the most stringent safeguards of any nation supplying nuclear reactors.

The doubts in Israel about the declared intentions of Egypt, Kuwait and Saudi Arabia to use future reactors for peaceful purposes stem only from the fact that all three countries have plentiful supplies of oil, and lack the technical know-how and trained manpower to deal with nuclear energy.

Professor Yehuda Yamin, a Hebrew University expert on nuclear reactors, said that the main cause for concern lies in the type of reactor being marketed by the Canadians. He noted that this involved uranium isotope 238 which is used for the production of plutonium and also nuclear weapons.

Israel cited the fact that the Indians, who have a Canadian reactor, have managed to develop their own nuclear bomb and that another of Canada's customers, Pakistan, is reportedly only three years away from developing its nuclear weapon.

● Egypt has signed a \$4.4m (£2.3m) contract for Israeli companies to build four border posts to be set up on the Egyptian side of the new international border between the two countries.

Construction is to begin immediately and is scheduled to be completed by April 25, the day before the final Israeli withdrawal from Sinai.

The work will be supervised by the Israel Airports Authority, which is also responsible for building four parallel terminals at the crossing points on the Israeli side of the border.

William Dullforce in Stockholm writes: Ericsson, the Swedish telecommunications group, reports two new orders from Middle East countries. Arento, the Egyptian National Telecommunications organisation, has signed a contract valued at over \$50m for telephone switching equipment.

The Ministry of Communications in Kuwait has ordered telephone exchange equipment worth over \$20m to be delivered before the end of 1983.

Japan will act quickly on import proposals

BY RICHARD C. HANSON IN TOKYO

RECOMMENDATIONS ON the opening of Japan's import market, which have been drafted by a special committee in the ruling Liberal Democratic Party (LDP) are expected to be acted upon swiftly, a senior ruling party politician said yesterday.

The 67 measures proposed by the committee are aimed at correcting problems which have been the subject of complaints by importers. They include over-elaborate inspection procedures, complex documentation, and stringent health requirements.

A total of 99 complaints was submitted to the committee of which nine are still under consideration. Another 23 complaints involved "misunderstandings," or relate to areas in which the LDP committee decided that Japan was already conforming to "international standards."

Mr Masumi Esaki, the former Minister of International Trade and Industry, who headed the LDP committee, said yesterday that he would try to get a decision on the nine outstanding items by the end of March at the latest.

He also promised to conduct a strict follow up study to determine whether the committee's other recommendations are properly implemented. Products expected to benefit from the measures include cars, pharmaceuticals, certain foodstuffs and medical and hospital equipment.

The Esaki committee has not yet been able to consider the controversial issue of whether "unfair" barriers exist against the sale of services by foreigners in the Japanese market—including financial and insurance services.

The committee plans to take up this question. It will review import quotas on goods which remain under strict control—including agricultural products and leather goods.

Cabinet ministers are to meet tomorrow to approve the list of revisions from the LDP committee. Mr Esaki said the steps, including a streamlining of customs clearance procedures, will be implemented within a month "at the latest" after ministerial orders are issued.

Exports of cars reached record last year

TOKYO — Despite a marked slowdown from the previous year, Japan's car exports still reached a record high of 6,048,477 units in 1981, the Japan Automobile Manufacturers' Association (JAMA) has announced.

The total represented an increase of 1.4 per cent from the previous annual record of 5,966,961 units in 1980. The increased rate compared with a 30.8 per cent rise in the previous year.

● Japan Indonesia Oil said it will shortly conclude a 20-year contract to buy oil from Indonesia's state-run oil company, Pertamina, starting from April next year.

The Japanese company, which specialises in importing Indonesian oil, did not elaborate, but industry officials said the company will buy an average 100,000 barrels per day of oil, mostly crude, as well as some heavy oil and other oil products.

● Sumitomo said that its consortium had given up a plan to develop coal in East Kalimantan, Indonesia, as it had become clear that it would not break even. A feasibility study showed that more than \$500m would be necessary for construction of infrastructure.

Reuter

Hong Kong begins legal proceedings against France

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG is starting legal proceedings against France under the General Agreement on Tariffs and Trade (Gatt) to protest against French restrictions on Hong Kong goods.

Mr Lawrie Mills, the Commissioner for Trade, goes to Geneva today for formal talks between Hong Kong and the EEC, representing France.

Mr Mills said: "We have requested formal talks under article 23 of the Gatt. We have had enough of restrictions by the French."

He described the action in calling for talks as "a flexing of Hong Kong's muscles."

The move was triggered by the imposition in October by Paris of quotas on quartz watches from Hong Kong. But there has been a long history of what Hong Kong considers to be unfair French trading practices.

The British colony argued that if France was experiencing difficulties it should have notified Gatt and taken global action rather than a unilateral move against Hong Kong. Attempts to resolve the issue through private talks have failed.

The Geneva talks will involve not just the quartz watches but a range of nine products in which Hong Kong says France has infringed Gatt rules. These include soyabean sprouts, compound optical microscopes, umbrellas, radios, as well as toys and watches.

Netherlands car sales fall

BY CHARLES BATCHELOR IN AMSTERDAM

CAR SALES in the Netherlands, mostly imports, fell for the third successive year in 1981, according to the Motor Industry Association (RAI). Sales declined 14 per cent to 389,312 cars — the lowest since 1969.

The eight Japanese manufacturers saw their market share decline slightly for the first time in the current downturn. Only three among the top 20 manufacturers overall — Suzuki, Lada and BMW — increased absolute sales volumes.

General Motors remained the top selling company with its West German-made Opel models accounting for the bulk of its business. It nevertheless experienced sharper than average sales decline of 20 per cent to 55,434. The French Citroen/Peugeot/Talbot group came second with sales which were 12 per cent lower at 51,963 cars.

Ford remained number three, with sales which were 2 per cent down at 40,159, while Volkswagen was fourth with sales nearly 3 per cent lower at 38,541 cars.

UK NEWS

Numbers of company births and deaths equal in 1980

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE NUMBER of company births and deaths were almost equal in 1980, according to Department of Industry statistics published for the first time this morning.

The figures, based on the number of businesses registering and de-registering for VAT, show that 115,700 companies were set up in the year and that 113,000 died, a net loss of only 2,700.

The retailing industry fared the worst. It had 31,600 companies going out of business while only 22,900 were created, a net loss of 8,700. Catering was the next worst bit with a net loss of 1,700, followed by transport (down 300) and agriculture (100).

Construction was the best with 18,000 births and 15,000 deaths, a net gain of 3,000. Wholesaling was the next best, gaining 1,900 businesses on balance, followed by the sector covering finance, property and professional services which gained 500.

In production industries, there were 10,400 births and 10,000 deaths, a net gain of 400.

These figures mask the actual impact of company closures because they do not indicate the size of businesses or the numbers of people being employed or made redundant.

But overall they paint a considerably more buoyant picture than was imagined in 1980 when the Government was worried about the lack of new small businesses. The onset of the recession was also imagined to be having a more serious impact on the balance between businesses being set up and closed down.

No comparable figures have ever been published before and there are no other official sources of statistics covering businesses. So there is no way of comparing them with previous years and earlier economic cycles.

They have been extracted from VAT returns by Mr A. Ganguly, a statistician who was posted to the Industry Department's small firms' division last spring to produce some data.

He has published his first findings this morning in British Business, the department's weekly magazine, in response to political pressure from ministers who want to use the figures to show that their policies are leading to a buoyant small business sector.

But not all the VAT registrations in the statistics are actual births because many will be the results of a company expanding its business above the VAT threshold. Some registrations will also be subsidiaries of existing companies.

In addition, there is a significant time lag before a company is registered or de-registered. So the early part of 1890 (when both births and deaths were generally high compared with later in the year) will reflect events which took place in 1979.

Nevertheless, in the absence of any other general statistics about the cycle of business life, today's figures are regarded by the Government as significant.

More work is now to be done on a regional basis and on the lifespan of businesses, but employment statistics cannot be gathered unless ministers decide to put a question about employees on VAT forms.

The results are more or less in line with pronouncements made late last year by the Prime Minister and Mr Patrick Jenkin, Industry Secretary, who said that 10,000 new ventures were being created every month (or 2,500 every week).

But the scale of the births and deaths has caused some surprise because both represent about one-twelfth of the total stock of businesses registered for VAT. This is regarded as a higher turnover than had been imagined.

Broker is chosen as Salesman of the Year

By Michael Thompson-Noel

MR DAVID SPRINGBETT, a 43-year-old Lloyd's broker, who says he was a "prize dunce" at school, was yesterday feted as Britain's Salesman of the Year.

He co-founded City broker, Pearson Webb Springbett 17 years ago. These days he is so dedicated to flying the flag that he averages 1,000 jet-miles a day and is responsible for generating re-insurance business worth £100,000 every 24 hours.

The award, co-sponsored by the Institute of Directors and British Airways, was presented in London by Mr John Biffen, Secretary of State for Trade, who described Britain's international salesmen as a "magnificently unscripted band of devotees."

Joint runners-up were Mr Anthony Pearse, sales and marketing director of Camper and Nicholson's Marine Equipment, of Southampton; Mr Richard Gledhill, export sales executive of Coles Cranes, of Harefield; and Mr Andrew Griffith, regional controller (eastern) for United Biscuits (International).

Men and Matters, Page 22

Wealthiest 1% own 24% of wealth

THE WEALTHIEST 1 per cent of the UK adult population owned 24 per cent of marketable wealth in 1979, according to a new volume of statistics published yesterday by the Inland Revenue. This figure compares with 23 per cent in 1978 and 31 per cent in 1971.

A separate table shows that the percentage of wealth owned by the richest 1 per cent was only 20 per cent in 1979 if occupational pension rights were included and only 13 per cent if state pension rights were also taken into account.

Elsewhere the statistics show that in 1980-81 78 per cent of income tax receipts came from income from employment charged under Schedule E (mainly through the Pay As You Earn system).

Inland Revenue Statistics 1981. HMSO £7.95.

Regions to receive £43.44m EEC aid

PAYMENTS to the UK from the EEC's regional funds have reached £764m since the fund started in 1975.

The latest grants, announced yesterday by the European Communities Commission, provide £43.44m to regional projects in needy areas throughout the country.

Among the newly-financed projects is a second grant to the Liverpool Maritime Museum, involving redevelopment of part of the Merseyside docklands.

The biggest slice of aid, more than £12.5m, goes to Scotland. North England will receive £7.15m, Wales and North West England both receive more than £6m and Northern Ireland £8.24m.

Landlord faces jail over tenants' names

LANDLORD Roy Cutler, 68-year-old brother of former GLC leader Sir Horace Cutler, faced the possibility of jail yesterday for failing to provide the names of tenants living in allegedly sub-standard accommodation.

Hillingdon Borough Council asked a High Court judge in London to jail Mr Cutler for contempt of a court order made in November.

Mr Richard Walker, counsel for Hillingdon, said about 15 tenants remained in Mr Cutler's blocks of flats, Brook House, West Drayton, Middlesex. The council needed the names to bring County Court proceedings to have the building demolished.

French coal contract

THE NCB has awarded a £32m contract for the Kensbeath opencast coal site to French Kier Construction, a member of the French Kiev Group. He will reclaim 4m tonnes of coal in eight years

Governor of Bank sees flexibility in monetary policy

BY DAVID MARSH

THE GOVERNMENT'S approach to monetary policy had become more pragmatic but was no less firm than before, Mr Gordon Richardson, the Governor of the Bank of England, said last night.

He said government policymakers were now paying attention to a range of indicators, including the exchange rate, rather than the single monetary aggregate sterling M3. Mr Richardson was speaking at the Finance Houses Association annual dinner.

Stressing the Bank's view that over-simplistic policies could run into complications Mr Richardson said the move towards flexibility did not mean policy had become less coherent. He defended the need for financial discipline.

He said: "The consistency and steadiness of our behaviour in pursuit of the ultimate objectives of policy is more important than the apparent intellectual coherence and presentational simplicity of concentration on a single monetary aggregate.

"Of course it would be best if we could successfully combine both: but hard experience has taught us that that is not our world."

Commenting on last week's gentle easing of UK interest Bank action to encourage a rates Mr Richardson said the episode provided further evidence of the virtues of monetary arrangements introduced in August.

The new system allowed the Bank to operate with a somewhat lower profile than before and enabled policy to be held on as steady a course as was practicable.

Last week's request to banks to ensure that mortgage loans were used in fact for house purchases did not mean the Bank opposed competition between banks and building societies.

This competition was welcome. There was a danger, however, that as a by-product of it the funds provided on favourable mortgage terms could increasingly be used to finance an expansion of cheap consumer credit. This would have an undesirable effect on monetary growth and interest rates.

Mr Richardson said the Bank hoped to produce a new set of figures classifying consumer lending into overdrafts, credit-card operations, house-purchase loans and other types of business to give a clearer statistical picture.

New business loans by finance houses grow 7%

BY OUR BANKING CORRESPONDENT

BRITAIN'S FINANCE houses increased their new business lending by £4.3bn, or 7 per cent, in the first nine months last year.

Leasing business grew 28 per cent and consumer lending 14 per cent. But the volume of corporate hire purchase business fell 15 per cent.

The figures were given by Mr John Little, chairman of the Finance Houses Association, at the annual dinner in London last night.

He estimated the association's 43 members, accounting for 80 per cent of all instalment credit, increased their outstanding balances to more than £10bn last year. Business customers account for 70 per cent of this and consumers 30 per cent.

Mr Little said the four percentage point rise in bank base rates last autumn would have a material effect on the profits of members, who were battling to control their overheads and cope with an increasing number of bad debts.

"In the conditions of recent years it is acutely difficult for finance houses to earn better than a 2 per cent margin on net outstandings."

Mr Little called for new funding instruments to help the finance houses obtain medium (three to five years) funds on acceptable terms.

He questioned whether the finance houses could continue to offer as much as two-thirds of their lending on fixed-rate terms.

Bordeaux prices brisk

SALEROOM

BY EDMUND PENNING-ROWSELL

CHRISTIE'S first wine auction of the year, devoted to Bordeaux, produced prices mostly higher than last year's best and in marked contrast to depressed figures 12 months ago. The number of domestic and foreign trade buyers bidding for often good runs of 1960s and 1970s vintages suggested stock shortage at retail levels.

New top prices per dozen were achieved for several first-growth 1961s: Ch. Margaux (£800), Cheval-Blanc (£740 per six magnums) and Haut-Brion (£720), while Latour equalled its best at £880.

Among lesser 1961 classed-growths Beychevelle made £390, Ducru-Beaucaillou £380 and Gruaud-Larose £370.

The 1966s also moved up, with new saleroom records for Latour (£440), Haut-Brion (£380), La Mission-Haut-Brion (£340) and Beychevelle (£240).

There was a rise in the somewhat subdued 1970s, with Palmer at a record £310, Beychevelle at £170 and Lynch-Bages at £140. The 1975s and 1976s are starting to appear in the saleroom.

Anthony Thorncroft writes: Sotheby's Chester auction-house furniture sale yesterday fetched a total £213,277 of which only 5.6 per cent was bought in.

Stansted plan 'will save £57m'

By Michael Donne, Aerospace Correspondent

DEVELOPING a fifth terminal at Heathrow Airport would cost £620m at 1981 prices compared with the estimate of £563m for the alternative of expanding Stansted Airport, Essex as a third main airport for London, according to the British Airports Authority.

The authority points out in an analysis of the comparative costs that its figures disagree with those put forward by British Airways, which has argued consistently that Terminal Five would cost only £324m against a Stansted cost of £869m (in 1979 prices).

Apart from the different base year on which the prices are calculated, there are other discrepancies in the two sets of figures.

The British Airways' figure of £324m for Terminal Five includes £50m for relocating the sludge works at Perry Oaks, where the new terminal would go. The British Airports Authority suggests £60m Terminal Five, suggests the cost of extending the underground rail link from the existing Central Area to Terminal Five would be £19m.

The Airports Authority, which wants Stansted, suggests at least £170m would be needed for both underground and surface rail links.

British Airways suggests Terminal Five would cost £245m (in 1979 prices) to build. The Airports Authority assesses it at £380m (in 1981 prices).

Both sides will put their detailed arguments to the public planning inquiry at Quendon Hall, near Bishop's Stortford, into the development of new airport capacity for London.

In addition to considering whether to recommend Stansted or Terminal Five Mr Eyre has to consider pleas to revive the plan for Maplin Airport on reclaimed land off the Essex coast and a scheme for an airport on Severnside.

The Airports Authority says in its detailed reply to an earlier statement by British Airways that Terminal Five would be "too little, too late." Because of the time needed to relocate the sludge works, the terminal could not be ready until 1992, it says.

It says additional capacity will be needed in the London area by 1988 and Stansted could meet this need.

It points out that there would be no potential for expansion when Terminal Five's capacity of 15m passengers a year was exhausted.

Stansted, on the other hand, although initially to be developed to 15m passengers a year, could be expanded later to handle up to 50m passengers a year.

Judge refuses Heron plea on ACC but share move blocked

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE HERON GROUP yesterday lost its High Court battle for temporary injunctions stopping the directors of Associated Communications Corporation transferring their controlling voting shares to Mr Robert Holmes à Court's Bell Group.

The transfer of shares is still blocked by a technical breach, however.

Mr Justice Vinelott ruled that the ACC directors did not breach their duty to shareholders when they met Mr Holmes à Court's midnight deadline for acceptance of Bell's takeover bid — although they knew then that Heron was making a higher offer.

Nor had the directors acted in breach of one of ACC's articles of association governing share transfers, the judge said.

But there had been a breach of another article, which disqualifies directors from voting on any matter in which they have an interest as shareholders.

The judge said that because the transfer of the directors' shares had to be approved by the Independent Broadcasting Authority, the directors had been disqualified from voting to accept the IBA's conditions for approval.

The judge recognised, however, that that defect could be remedied if the directors called an extraordinary general meeting of shareholders to ratify the agreement with the IBA.

Notice of 14 days would have to be given for such a meeting.

The parties will return to court today to deal with the costs of the hearing and an application by other ACC shareholders to be joined as co-plaintiffs with Heron in the dispute.

ACC and its directors undertook not to go ahead with the transfer overnight.

Heron indicated that it would probably appeal against the refusal to grant injunctions. The appeal is likely to be heard in a matter of days.

The judge said that on January 13 ACC's directors were faced with a situation in which the company did not have cash available in the short term to meet outgoings.

The Bell offer gave the prospect of financial support. It would relieve ACC from damaging uncertainty and secure its future and that of its employees.

The higher offer by Heron could not go ahead because Heron was bidding for all the shares and Mr Holmes à Court had said he would not transfer his 51 per cent of ACC non-voting shares.

At the same time Mr Holmes à Court had imposed a deadline of midnight on January 13 for acceptance of the Bell offer.

There may have been some doubts on whether Mr Holmes à Court would enforce the deadline. But it was wholly understandable that directors in that situation should decide that they could not afford to call what may have been a bluff without possible damaging results for ACC, said the judge.

"On the evidence before me it cannot, I think, be said that no reasonable board could have reached the decision the ACC board reached.

"I have come to the conclusion, after some hesitation, that it would be wrong to grant an injunction."

He added that it might be some time before the dispute was fully tried. It might do irreparable damage to the company if an injunction was granted until the full trial.

John Moore writes: The battle for ACC is far from over. Mr Gerald Ronson, chairman of Heron Corporation, said his group would consider "a number of avenues which are open to us," at meetings to be held last night and this morning. "We are persistent, positive people."

A full board meeting of ACC was under way last night to consider the next round of the legal campaign.

MP to seek full GLC fares control

BY GARETH GRIFFITHS

A LABOUR backbench MP will try to introduce an amendment to the Local Government Legislation to give the Greater London Council full control over the level of fares on London Transport.

Mr Douglas Jay (Battersea North) will make the attempt in the Commons under the 10-minute rule on February 9. He aims to restore responsibility for public transport to the GLC and not the Law Lords.

Mr Jay was speaking after a briefing of 15 London MPs organised by the GLC to put its view and that of the London Transport Executive.

Mr Dave Wetzel, the GLC transport committee's chairman, said fares would have to be trebled. The GLC and several other authorities that operate cheap fares schemes plan to meet next Monday to discuss their strategy.

Earlier this week the GLC refused to confirm its earlier decision to increase London Transport fares from March 21 after Labour left-wingers voted consistently against any motions supporting fare increases. The Conservative opposition agrees with the Government's view that only one price increase is necessary and accordingly voted against or abstained on confirmation measures. The combined votes proved enough to throw out any confirmation.

London Transport intends to go ahead with plans approved by the council on January 12 to increase its fares on March 21. Some 20 Labour left wingers say they intend to continue to vote against fare increases.

Private Cardiff bus route refused

BY ROBIN REEVES, WELSH CORRESPONDENT

THE GOVERNMENT'S bid to open municipal bus services to competition from private operators—enshrined in the 1980 Transport Act—has suffered a sharp setback in Cardiff.

Local transport commissioners have turned down an application from C.K. Coaches, a private operator, to extend its operations in the city by adding a new route to the three it has run in Cardiff since April.

The commissioners ruled that CK's proposed service to another part of the city would be against the public interest. The area in question was already well served by buses.

As a result of this decision, CK warned yesterday that it might decide to wind up all its rival bus services in Cardiff.

The commissioners' refusal of a new route licence came after Cardiff City Transport argued that it would hit one of its most profitable services.

The loss of revenue arising from CK's competition would lead to higher fares and the possible axing of bus services elsewhere in the city.

The council told commissioners competition from CK had cost the municipal undertaking about £110,000 in lost revenue since it started its competitive services nine months ago.

Key question for De Lorean review

John Griffiths weighs matters facing Sir Kenneth Cork

THE TRUE market potential of the De Lorean sports car has been the subject of much more debate, inside the company and government agencies, than the forecast of 20,000 sales a year consistently presented to the public may suggest.

The 20,000 figure is derived from a consultant's report last year. The report studied what types of Americans were potential buyers. It concluded the car's appeal extended beyond the traditional sports car buyer to embrace well-heeled corporation men and industrialists joining the anti-large car revolution.

An earlier report presented a much wider range of possibilities. It arose from the 45-day flurry of activity in 1978 which led to Mr Roy Mason, the then Northern Ireland Secretary, signing an agreement with Mr John De Lorean, the company's chairman.

This report's conclusions were aired by McKinsey and Company, consultants to the British Government on the project. They were based on price sensitivity.

Their formula was that if the car reached the market at a price no more than 10 per cent above the domestically-built General Motors Corvette, the sales potential could be 30,000. If the price gap which emerged was wide, this could fall to 10,000.

At $25,000 for a De Lorean against $20,000 for a comparably equipped Corvette, the formula would now give De Lorean sales of perhaps 15,000 a year.

Those forecasts were based on a healthy U.S. market not as that of 1981 turned out to be, the worst for 20 years.

If De Lorean's sales since the launch last May were annualised and adjusted for seasonal peaks and troughs, last year's sales would have been about 8,000.

Not least of the problems confronting Sir Kenneth Cork, the financial consultant from Coopers and Lybrand who will spend the next two weeks investigating De Lorean's affairs, will be to determine whether a slimmed-down operation geared more closely to this level of demand is the most practical.

The U.S. car market is expected to fare little better this year than last rising to only about 8.7m sales against 8.5m last year and the peak of more than 11m in 1973.

There are possible compensating factors. The company plans to open markets in Europe this year and possibly in the Middle East and Australia.

Such considerations do not help De Lorean's immediate cash flow problems. Creditors have become increasingly apprehensive in recent weeks. A statement from the Northern Ireland Office early yesterday morning said De Lorean had undertaken to conduct its affairs "in such a manner that it incurs no credit which it will be unable to meet."

Even on its currently scaled down operation—only 163 cars were built last week against the scheduled 400—De Lorean is going to be financially stretched to bridge the gap between its current situation of having more than 3,000 unsold cars in the pipeline and the March sale upturn on which its future clearly depends.

It is in that context Sir Kenneth's review assumes its greatest importance. The government life-line does not appear to have been cut once and for all.

Mr Adam Butler, Minister of State for Northern Ireland, told the Commons yesterday that while nothing in the Government's actions of the past few days should be taken as committing it to further assistance to the project, a final decision would depend on Sir Kenneth's review and would consider Northern Ireland's 21 per cent unemployment rate.

Thus if Sir Kenneth concludes that the operation could be viable at the 8,000 to 10,000 cars a year level the Government may well bail it out, at least until the autumn by when the last uncertainties over what annual sales could be should have been removed.

Belfast jobs cut by textile plant maker

By Our Belfast Correspondent

JAMES MACKIE AND SONS, the Belfast textile engineering company, is to make between 400 and 600 workers redundant because of depressed world markets for textile machinery.

The job losses, announced yesterday, are in addition to 720 which took effect at the end of last year. This will bring the Mackie workforce to fewer than 1,400.

The redundancies are part of a re-organisation and cost cutting programme which started last September.

They represent another employment blow to Belfast which has seen a rash of cuts by major engineering companies such as Short Brothers, the airland and craft manufacturer, and Harland and Woolff shipyard.

Mackie said the textile recession had brought a fall in demand for its main machinery products. It had not lost its market share to competitors but the market had declined to such an extent that further job cuts were inevitable.

It believed the reorganisation would make the company competitive enough to secure its place in world markets in future. The company exported more than 90 per cent of its output and was sensitive to economic and political events beyond its control.

Union leaders said they wanted talks with the Government to see what assistance might be given to Mackie to keep redundancies as few as possible.

Meanwhile Department of Commerce officials are in the final stages of negotiation with Fiberite Corporation of Minnesota about a manufacturing operation which could provide about 200 jobs in Northern Ireland.

Fiberite, a subsidiary of Beatrice Food, makes thermal plastics and pre-impregnated fabrics. It supplies the basic carbon fibre-reinforced plastic used in the airframe of the Lear Fan 2100 aircraft which is to be made in Northern Ireland.

The Government hopes Fiberite will move into a government-owned factory in an area outside Belfast which has suffered from closures in the man-made fibre industry.

Carpet mill closures cut 500 jobs

By Lisa Wood

MORE THAN 500 jobs will be lost at Carpets International, the Kidderminster-based group, in a major re-organisation plan announced yesterday.

The redundancies, to be made with the closure of two of the group's mills, at Halifax and Kidderminster, represent about 12 per cent of the group's 4,000 UK employees.

All the UK operations of the group will be organised into a single UK company, Carpets International (UK).

The group said: "Despite significant successes overseas, the group has suffered from the severe market recession in the UK in recent years and these latest measures are essential to consolidate the trend towards restoration of group profitability."

In the past two years closure and rationalisation moves have reduced its UK workforce by 2,000. The announcement yesterday was accompanied by a change in the top management of the group whose half-year deficit of £2.19m in 1981 was well down on the previous deficit of £4.13m.

Britain's carpet industry, which still controls about 75 per cent of domestic sales, has faced formidable problems in the last few years. Employment in the industry (not including Northern Ireland) fell from 35,000 in 1976 to about 20,000 in 1981 when four manufacturers, including BMK, of Kilmarnock, went out of business.

Mr Bill Adams, director of the British Carpet Manufacturers' Association, said the basic problem was "over-capacity with people looking at cost rather than quality." Continuing high interest and mortgage rates and the low level of housing starts were other factors.

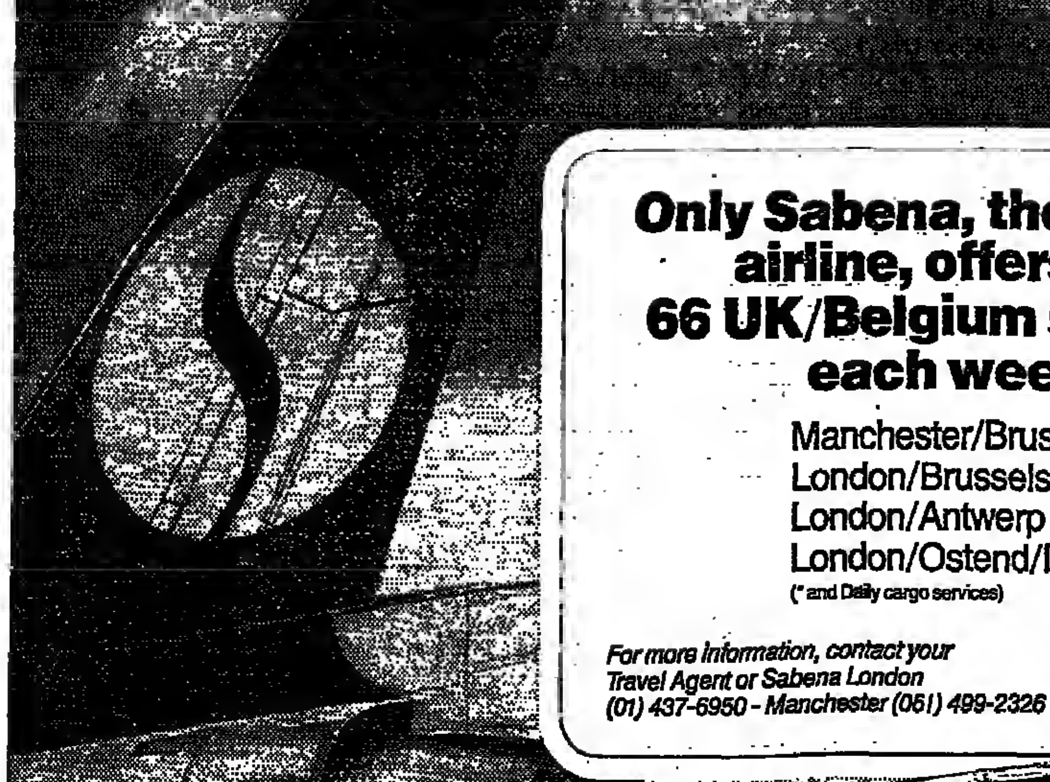
Sales to the home market by UK manufacturers in 1980 were 118m square metres—the lowest for more than a decade. Mr Adams said the figure probably continued to fall in 1981.

Exports in 1980 were down 19 per cent in value and 29 per cent in volume. Imports from Belgium, which has replaced the U.S. as the major threat probably doubled in 1981.

● Avon Rubber, which employs about 2,300 people at its [illegible] company [illegible] is to [illegible] £2m a year [illegible]

The redundancies affect office staff, engineers and rubber workers.

● Peter Brotherhood, the Peterborough-based engineering company [illegible] staff levels by about 80 people. In conjunction with other cost saving measures this will mean savings of about £1m. [illegible]



Cheerfulness about trade masks anxiety

Max Wilkinson looks at what lies behind the remarkably large surplus for December

THE LARGE trade surplus for December announced on Tuesday provoked a small burst of national self-congratulation which masked several anxious questions about Britain's trading performance.

Mr John Biffen, the Trade Secretary, said the latest figures indicated the current account surplus for the year would be "one of the largest of any major developed country." Others asked with wide-eyed wonder if at £6bn the expected surplus would be larger even than that enjoyed by Saudi Arabia.

One reason for the surplus is that imports have been depressed by the exceptional severity of the recession—hardly a cause for congratulation. This immediately raises the question of how far the country's appetite for imports will be unleashed when output and national income begin to revive, and whether rising imports could once again act as a brake on recovery and growth.

As the recession deepened between the second quarter of 1979 and the end of 1980, the volume of imports fell 16 per cent. In the same period a 15 per cent appreciation of sterling against a basket of currencies and a big increase in wages helped to depress the volume of exports, but only by 7.5 per cent.

There are, however, considerable lags in the response of exports and imports to changes in competitiveness. The resilience of exports largely reflected the expanding production of North Sea oil. This contributed £6bn to exports in 1980 compared with £4bn in 1979, and produced Britain's first surplus on oil trade.

The effects of oil and the recession-induced cut in imports combined to swing the visible trade balance from a big deficit of £3.5bn in 1979 to an unprecedented surplus of £1.2bn the following year.

This was not only a record, it was the first time since the war that Britain had achieved anything but a very small surplus on visible trade. Surpluses had occurred in only three of the previous 34 years (1956, 1958 and 1971).

This rapid turn-round of the visible balance coincided with a sharp increase in Britain's traditional surplus on invisibles during the second half of 1980.

These factors combined to produce an unprecedentedly large current account surplus of £3.2bn for 1980. A more comfortable era began in which the post-war nail biting about monthly trade figures was lessened.

The pattern seems to have continued into 1981. The year started with a current account surplus of £1.2bn. This was partly the result of the rapidly improving oil surplus, which contributed £210m, almost as much as in the final quarter of 1980.

There was also a large surplus of £530m on visible trade excluding oil—the result of imports falling to a low level as stocks were run down.

The February current account surplus of £755m followed in much the same pattern, but after that the collection of statistics was disrupted by the civil servants' dispute. Little information is available for an extremely interesting six months up to September.

When the statistics were resumed they provided evidence of a marked change in the economy since the start of the year. The value of imports had shot up 36 per cent since the exceptionally low level of January, the balance on visible trade excluding oil had fallen back into a deficit almost as large as the £290m surplus on oil and the current account balance was reduced to a tenth of the January figure.

The surge in imports reflected the fact that stocks were no longer being run down. Even so, the scale of the increase provided the question of whether it was a temporary phenomenon or the start of a new trend.

Now, after a further three months' figures, it is clear that imports of goods other than oil have been sustained at a high level compared with the beginning of the year.

In volume terms imports for the last four months of 1981 were 25 per cent higher than in the first quarter and, more surprisingly, 3 per cent up on the second quarter of 1979, the last peak of activity.

Exports appear to have held up surprisingly well in the face of a substantial loss of competitive advantage in the last two years. The volume of exports (again excluding oil) in the last four months of 1981 was 10 per cent higher than at the start of the year. But it was 4 per cent lower than in the second quarter of 1979.

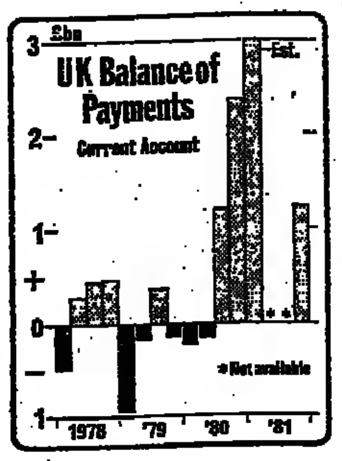
These figures must be treated with caution, partly because of the gaps in the series and partly because of statistical changes made in the autumn.

The widening gap between the volume of non-oil imports and exports since 1979 is more than comfortably filled by the surplus of oil. But as the Department of Trade notes in a commentary to the latest figures: "It is clear that there has been a significant rise in the underlying trend of import volume from the low levels during the early months of 1981 and the declining trend during 1980."

Although the oil surplus is a more than adequate cushion, it remains uncertain whether any substantial increase in demand would suck in imports at a higher rate than would have been expected from past trends or whether UK industry would gear up production to hold on to its previous share of the market.

In spite of the strength of the oil sector, there is considerable disagreement about the future. The National Institute of Economic and Social Research believes the current account surplus will dip to about £700m this year but then continue to grow to an average £4.6bn a year between 1984 and 1986. This partly reflects the institute's expectation of weak growth in the UK economy.

On the other hand, the latest forecast from the St James's Group, published today, suggests a reversion to substantial deficit between 1983 and 1985.



Union pay struggles blamed for 1m job cuts

By Our Economics Correspondent

GREATER union power helped to increase unemployment by about 1m since the 1960s, Patrick Minford of Liverpool University says.

In the January issue of the Journal of Economic Affairs he says that the proportion of workers in unions rose from 43 per cent in 1963 to 56 per cent in 1979.

Since unions push wage rates above what the market would pay otherwise, he says his research indicates that increased unionisation has led to a rise in real wages, now 13 per cent above what they would have been.

Prof Minford argues that this in turn has had the effect of reducing total national output by 8.5 per cent below what it would have been without the spread of union membership.

As wages rise in the unionised sector, companies cut back on jobs. Workers then have to seek work in the non-unionised sector.

However, relatively high social security payments and low tax thresholds have combined to keep non-union wages higher than would be needed to create additional demand, he says.

Growth of economy may far exceed forecasts, says unit

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK economy could grow substantially faster this year, than most economists were predicting before Christmas, the Economist Intelligence Unit says today.

In its latest forecast the unit's St James's Group suggests output could grow 2.4 per cent this year after a fall of 2.8 per cent last year and in 1980.

The group has become considerably more optimistic than it was in October, when it predicted growth of only 0.7 per cent for this year.

Towards the end of last year the Treasury and most independent forecasts were suggesting growth would be about 1 per cent this year.

But on Monday Mr Terry Burns, the Government's chief economic adviser, was cautiously optimistic that the Treasury forecast would be exceeded.

The St. James's Group, which uses the Treasury model of the economy, has revised its forecast in the light of what it believes is a rather more relaxed fiscal and monetary policy by the Government. It has also increased its assumption about the growth of productivity.

The St. James's Group says Government policy has proved "even more expansionary, or less deflationary" than it had expected, and it does not now believe that growth would be restricted because of an overshooting of monetary targets.

It expects the inflation rate to fall to an annual average of 11.8 per cent this year and then decrease gradually to a low of 8.8 per cent by 1985.

It expects imports to rise sharply this year by 7.7 per cent after a fall of 5.3 per cent last year. It thinks the current account surplus on the balance of payments will fall to £400m this year and move into deficit until 1985.

Unemployment is expected to rise to 12.2 per cent of the working population by 1984.

The group has tried to predict what would happen to the economy if productivity increased at twice the annual rate of 2.5 per cent assumed for its main forecast.

It found that higher productivity would have little impact on output until 1984 when GDP would be 1 per cent higher than with slower growth. In 1985 output would be 2.3 per cent higher than with slow growth.

Higher productivity would lead to an inflation rate of 5.[illegible] per cent by 1985, but unemployment would be about half a million more in 1985.

Phillips Petroleum may exploit two N. Sea fields

BY RAY DAFTER, ENERGY EDITOR

PHILLIPS PETROLEUM is considering developing two gas fields in the southern sector of the North Sea.

The U.S.-based group has had preliminary talks with British Gas Corporation on the sale of natural gas from the Ann and Audrey fields in quadrant 49, about 80 miles east of Grimsby.

According to stockbrokers Wood, Mackenzie, the Audrey Field, discovered in March 1976, contains between 1 trillion and 1.5 trillion (million million) cubic feet of recoverable reserves. Ann, discovered in 1966, is thought to contain 500bn to 700bn cubic feet of gas.

According to Mr C J "Pete" Silas, executive vice president of Phillips, gas from the fields could be carried ashore through the existing Viking gas pipeline.

Until now, however, prices offered by British Gas had been too low to justify their development.

Although the company was "looking at the possibility" of developing Ann and Audrey, Phillips and British Gas had yet to begin serious discussions, said Mr Silas. He hoped that government plans to break British Gas Corporation's monopoly rights over gas supplies would lead to higher prices for producers.

Mr Silas, who is to become president and chief operating officer of Phillips on April 1, was on a brief visit to London this week. He spoke of the company's frustration at possessing a number of oil and gas reservoirs in the UK sector of the North Sea which appeared too small—or of a marginal size—to be exploited commercially.

He also joined the chorus of oil industry demands for a stable tax structure and a depletion policy which did not inhibit production from new fields.

"We have discovered a lot of oil in the UK but much remains uncommercial. At the moment you cannot make a 100m-barrel field commercial," said Mr Silas.

Even so, the company was looking at a number of development opportunities. It is calling for tenders for preliminary design studies in the so-called T block, 160 miles north-east of Aberdeen, thought to contain several hundred million barrels of recoverable oil reserves.

Development costs could exceed £1.5bn. Mr Silas said that Phillips was investigating a number of novel production systems aimed at reducing them. The company was still some way from committing itself to a development plan.

Mr Silas said that during the next two years Phillips would also be evaluating the commercial potential of the small Mabel Field which straddles blocks 16/29 and 16/28, 150 miles east of Aberdeen, Scotland. It was possible that Mabel could be exploited in conjunction with the Phillips Group's Maureen Field in block 16/29. Maureen, currently being developed at a cost of about £500m, is due to come on stream by early 1984.

Other Phillips discoveries which ultimately could be exploited include the Andrew Field, in block 16/27, and the Josephine and Joanne reservoirs in the central part of the North Sea.

Mr Silas said that the Ivory Coast had replaced the North Sea as Phillips' premier overseas drilling area.

Legal aid group seeks a ministry of justice

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE ESTABLISHMENT of a ministry of justice under the Lord Chancellor is, by implication, urged by the Advisory Committee on Legal Aid.

In its annual reports 1980/81, published yesterday, the committee complains that it has found itself hampered by the absence of a single authority responsible for promoting jurisdictional, procedural and administrative reform in the civil and criminal courts. It points out that the administration and cost of legal aid are closely related to these matters, and that without such an authority the scope for achieving improvements is limited.

The inability to employ existing resources more effectively is all the more critical as substantial new resources are unlikely to be available to finance urgent improvements in legal aid.

These are necessary in the committee's view to provide legal aid for parents in care proceedings, for applicants before Mental Health Review Tribunals, and to support experimental schemes offering conciliation in matrimonial matters.

The committee also recommends annual reviews of the financial conditions for legal aid, and changes in administrative arrangements for criminal legal aid in magistrates' courts.

Prison building scheme inadequate, says report

BY LISA WOOD

THE CURRENT prison building programme will do virtually nothing to relieve overcrowding or improve prison conditions, Ms Vivien Stern, director of the National Association for the Care of Offenders (Nacro) said yesterday.

Her remarks accompanied the publication of Prison Building, a Nacro report which examines the Government's building programme, designed to provide about 5,000 new prison places in the 1980s.

The report says this programme is unlikely to provide substantial relief from prison overcrowding since many of these places will simply replace places lost through decay and conversion. Also, the prison department's projection shows that, if present trends continue, the prison population will increase by 7,000 between 1982 and 1989.

Nacro is one of several organisations which, particularly in the last few months, has lobbied for legislation to reduce the prison population. It is critical of the new Criminal Justice Bill, published in December, which will strengthen magistrates' powers partially to suspend a prison sentence. Reformers had wanted the more radical step of an automatic supervised parole scheme for prisoners serving shorter sentences.

The Government has approved a prison rebuilding programme of two new prison starts every year throughout the 1980s. On present estimates it would cost £1bn to bring all Britain's prison accommodation up to standard.

UK NEWS

LABOUR

Council's £20m extra reserve queried

FINANCIAL TIMES REPORTER

A LONDON council has been accused by the district auditor of holding a mysterious £20m more than necessary in reserves.

The council which is the subject of an unusual criticism from the auditor is the Conservative-controlled borough of Croydon whose leader is Mr Peter Bowness, leader of the London Boroughs Association and of the minority group on the Association of Metropolitan Authorities.

The Croydon borough rate was 58.15p in the pound in 1981-1982 before the Greater London Council and metropolitan police levies were added. This could be reduced by 20p, or 34 per cent, if £20m of extra rate support cash were available from balances and reserves.

The district auditor suggests the council should take this extra £20m into account when fixing the 1982-83 rates levy.

In his report for the year ending March 31 1981, he says the general rate fund balance, at £11.3m, is at a level consistent with other outer London boroughs. But he adds that Croydon Council is "holding back" a further £20m.

The report has angered council chiefs who claim it is "inaccurate and misleading." They said many of the errors could have been corrected before the report was published if the district auditor had followed recommended procedures and consulted different heads of department at Croydon Council.

They suggest the report is "sour grapes" because of a recent decision by the council not to use the district audit service in future. Instead, the council audit will be given to a private company.

Mr Bowness and Mr James Watts, director of finance, said much of the £20m referred to in the report was not available for release to subsidise the rates.

Mr Bowness said: "Of the £20m the district auditor identified, almost £12m is in fact capital and other special reserves not available for financing the general rate." A further £2.4m had already been used towards rates.

The balance of £6.4m was tied up in the complexities of the rate fund system and was not unduly high, Mr Bownes said.

The report goes before the full council on Monday, when the Labour opposition is expected to demand a full explanation. An official reply to the district auditor will follow.

Scheme to harness waste heat progresses

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITAIN'S first project combining district heating and power generation took a significant step nearer realisation.

The Central Electricity Generating Board said it had identified seven possible power station sites in England suitable for the scheme.

The CEGB move is linked to a government investigation of nine UK cities as possible sites for district heating by combined heat and power (CHP).

The system involves using waste heat from modified power stations to warm local homes and offices. It is a means of saving much of the energy wasted in the operation of a conventional power station.

The CEGB power stations could serve the six English cities on the Government's short-list. They are: Barking power station for London, Agecroft and Carrington for Manchester, Fiddler's Ferry for Merseyside, Dunston for Newcastle, Neepsend for Sheffield and Leicester for that city.

The other three cities being considered by the Government are Belfast, Edinburgh and Glasgow.

Mr Glyn England, chairman of the CEGB told the annual meeting of the District Heating Association that the board had produced CHP designs for each of its seven stations.

Heat could not be supplied from a CHP station until an adequate district heating load had been built up in the neighbourhood. "This underlines the need for a start on a lead city to be made as soon as possible, if the economies are promising and if Government encouragement is forthcoming," he said.

Government studies had shown that heat could be transmitted quite cheaply over a considerable distance, which could open the way for nuclear-powered CHP plants.

Mr Geoffrey Shepherd, chairman of the Midlands Electricity Board, proposed smaller local CHP projects to start the experiment.

NOTICE OF REDEMPTION

Occidental Overseas Capital Corporation

7¼% Guaranteed Sinking Fund Debentures due March 1, 1984

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of March 1, 1969 between Occidental Overseas Capital Corporation, Occidental Petroleum Corporation, Guarantor, and The Chase Manhattan Bank (National Association), Fiscal Agent $1.800.000 in aggregate principal amount of the above-captioned Debentures will be redeemed for the sinking fund on March 1, 1982 at the redemption price of 100% of the principal amount thereof, together with accrued interest to March 1, 1982.

The numbers of the Debentures to be redeemed are as follows:

M 8	911	1695	2655	3680	4617	5674	7175	8667	9818	11380	12433	13313	14400	16036	16497	17193	17872	18370	18851	19387
32	912	1696	2875	3681	4825	5678	7176	8677	9833	11365	12435	13325	14413	16039	16500	17194	17873	18378	18852	19388
38	923	1697	2680	3682	4636	5681	7181	8723	9855	11366	12452	13327	14464	16045	16519	17200	17878	18379	18288	19453
45	929	1898	2698	3683	4637	5687	7185	8749	9924	11367	12462	13378	14507	16062	16521	17201	17879	18380	18892	19459
51	943	1699	2699	3687	4638	5696	7188	8761	9925	11388	12527	13380	14527	16063	16540	17203	17883	18387	18898	19467
69	944	1701	2700	3688	4640	5727	7187	8763	8926	11370	12560	13385	14658	16066	16547	17267	17884	18408	18899	19471
71	945	1732	2727	3697	4643	5729	7168	8778	8827	11371	12584	13557	14788	16073	16599	17269	17885	18422	18903	19473
81	953	1733	2728	3701	4688	5747	7190	8791	9933	11380	12601	13563	14770	16075	16610	17273	17900	18429	18904	19475
83	954	1735	2738	3747	4674	5754	7192	8910	9953	11402	12607	13568	14775	16076	16612	17280	17904	18434	18905	19483
97	955	1738	2746	3751	4676	5770	7197	8937	9972	11411	12619	13569	14780	16078	16813	17294	17905	18435	18907	19489
101	956	1741	2766	3779	4680	5803	7207	8969	9973	11421	12620	13570	14782	16079	16614	17299	17906	18438	18938	19499
102	957	1744	2767	3786	4688	5817	7211	8970	10032	11422	12621	13573	14812	16080	16616	17300	17908	18451	18958	19496
103	968	1749	2779	3853	4690	5890	7266	9020	10036	11423	12692	13581	14818	16083	16818	17304	17914	18452	18985	19508
121	970	1759	2782	3910	4691	5894	7267	9021	10041	11432	12638	13584	14822	16088	16620	17311	17818	18454	18996	19532
122	1045	1760	2790	3935	4692	5895	7272	8030	10043	11433	12650	13585	14831	16098	16630	17317	17936	18455	18998	19537
124	1061	1769	2803	3938	4700	5898	7273	9034	10118	11435	12651	13608	14833	16103	16642	17318	17939	18462	19004	19540
137	1091	1801	2818	3941	4707	5839	7278	9060	10121	11438	12652	13607	14837	18104	16643	17320	17944	18469	19007	19558
159	1093	1815	2823	3953	4709	6901	7286	9061	10179	11464	12653	13608	14839	16121	16648	17323	17949	18482	19024	19588
179	1098	1816	2850	3991	4749	5910	7321	9074	10282	11465	12699	13610	14842	18131	16650	17328	17966	18484	19027	19589
222	1097	1826	2868	4031	4824	5911	7341	9083	10304	11483	12703	13611	14843	16140	16651	17345	17971	18485	19030	19591
229	1099	1827	2872	4033	4825	5917	7406	9084	10305	11486	12704	13612	14850	16159	16684	17353	17974	18487	19042	19598
272	1118	1828	2874	4039	4929	5920	7407	9128	10380	11521	12708	13613	14851	16165	16705	17394	17984	18504	19044	19602
273	1117	1847	2890	4090	4931	5937	7408	9143	10381	11548	12719	13614	14852	16166	16707	17442	17986	18506	19045	19616
274	1118	1850	2935	4091	4955	5938	7448	9144	10382	11552	12720	13615	14866	16169	16751	17452	17991	18509	19047	19617
275	1122	1860	2938	4093	4970	5963	7458	9148	10412	11558	12723	13616	14877	16170	16755	17453	17997	18534	19050	19618
278	1123	1861	2937	4111	4986	5966	7463	9153	10423	11560	12724	13625	14878	16173	18759	17454	18000	18536	19052	18621
280	1145	1882	2939	4138	4990	6020	7468	9180	10430	11563	12727	13626	14879	16161	16782	17507	18004	18543	19054	19623
281	1146	1872	2942	4138	5002	6052	7486	9170	10469	11568	12729	13638	14887	16184	16804	17518	18005	18547	19061	19624
296	1156	1876	2949	4152	5010	6053	7486	9178	10472	11567	12743	13639	14888	16185	16806	17517	18036	18563	19063	19636
299	1158	1878	2951	4153	5013	6091	7482	8179	10488	11568	12744	13645	14890	18187	16808	17521	18040	18569	19064	19663
301	1178	1881	2952	4154	5026	6094	7494	9181	10501	11574	12746	13647	14894	16188	16819	17524	18043	18574	19065	19664
381	1283	1887	2967	4158	5028	6112	7519	9182	10503	11621	12751	13654	15116	16199	16827	17528	18080	18578	19069	19667
404	1288	1928	3012	4162	5031	6114	7520	9191	10762	11827	12754	13655	15122	16206	16847	17532	18062	18565	19076	19684
408	1315	1929	3021	4163	5085	6118	7543	9204	10805	11828	12763	13662	15125	16214	16858	17533	18069	18588	18104	19685
409	1322	1935	3025	4168	5101	6120	7544	9212	10821	11835	12768	13663	15132	16221	18859	17538	18074	18590	18110	19689
438	1323	1940	3028	4169	5115	8124	7592	9213	10832	11636	12791	13675	15133	18223	16868	17545	18086	18599	19119	19692
439	1377	1941	3033	4170	5126	8125	7597	8226	10861	11637	12795	13688	15134	16224	16869	17547	18088	18623	19125	19694
440	1381	1952	3035	4173	5127	6150	7598	9241	10865	11683	12796	13705	15194	16230	18894	17557	18093	18624	19136	19695
441	1385	1959	3038	4174	5134	8151	7700	9244	10871	11684	12798	13769	15253	16238	16896	17558	18099	18625	19137	19696
443	1390	1961	3041	4175	5156	6152	7710	9245	10874	11851	12813	13772	15259	16247	16899	17561	18109	18626	19138	19701
454	1394	1963	3055	4181	5177	6153	7715	9246	10876	11869	12818	13785	15400	16251	18902	17566	18116	18627	19140	19713
455	1398	1863	3057	4185	5194	8185	7729	8257	10877	11873	12827	13788	15436	16252	16908	17567	18117	18828	18147	19722
458	1397	1987	3107	4194	6195	8196	7736	9258	10881	11878	12930	13854	15438	16255	16917	17574	18118	18631	19151	19730
490	1414	1889	3192	4221	5238	8201	7738	9265	10898	11885	12997	18875	15444	16262	16912	17588	18119	18632	19190	19731
487	1425	1990	3213	4229	5277	6293	7760	9321	10899	11892	13001	13886	15480	16265	16922	17598	18120	18638	19193	19736
498	1426	1999	3214	4269	5278	6358	7761	9389	10906	11895	13004	13896	15544	16277	18928	17602	18122	18640	19195	19738
501	1430	2003	3215	4288	5279	6357	7863	9437	10919	11910	13006	13897	15545	16286	16930	17619	18124	18643	19201	19743
512	1435	2004	3223	4361	5396	6478	6085	9438	10922	11915	13011	13902	15569	16288	16931	77660	16129	18645	19207	19744
514	1493	2040	3239	4362	5401	6479	8090	9441	10923	11821	13030	13909	15571	18286	16978	17661	18136	16854	18209	19746
533	1501	2055	3280	4363	5402	6500	8224	9453	10924	11922	13078	13910	15610	16333	18979	17665	18137	18655	19210	19752
538	1502	2060	3265	4365	5425	6701	8235	9460	10927	11923	13081	13915	15687	16339	18981	17675	18139	18656	19213	19755
539	1503	2063	3290	4866	5430	6710	8246	9465	10928	11924	13086	13916	15688	16340	16991	17678	18146	18670	19218	19758
542	1505	2068	3312	4368	5434	6711	8314	9477	10967	11926	13089	14008	15721	16346	16997	17677	16151	18694	19241	19767
561	1518	2077	3313	4369	6437	6718	8317	9483	11043	11954	13106	14009	15723	16358	17006	17678	18162	18699	19242	19788
603	1527	2085	3315	4371	5443	6720	8318	9494	11068	11957	13116	14021	15725	16359	17009	17660	18169	18700	19243	19772
605	1560	2105	3316	4375	5448	6725	8332	9495	11103	11988	13121	14033	15728	16363	17011	17683	18170	18701	18246	19737
812	1561	2123	3317	4379	5479	6726	8364	9499	11109	11970	13122	14083	15738	16368	17012	17886	18172	18702	19251	19795
614	1562	2140	3316	4387	5481	6728	8377	9505	11114	11974	13142	14084	15739	16370	17024	17889	18173	18706	19252	19800
624	1570	2152	3320	4388	5482	8729	8380	9509	11125	12059	18144	14087	15745	16375	17025	17683	18196	18709	19259	19804
826	1571	2153	3364	4390	5483	6775	8385	9515	11127	12080	13146	14091	15746	16376	17029	17697	18197	18712	19263	19805
647	1561	2161	3369	4391	6486	8787	8386	9516	11129	12081	13155	14130	15749	16379	17033	17702	18200	18713	19273	19806
650	1583	2162	3377	4398	5488	6793	8390	8521	11151	12082	13156	14131	15770	16380	17041	17704	18246	18729	19275	19813
665	1592	2183	3382	4410	5496	6815	8392	9529	11155	12083	13163	14133	15771	16385	17047	17711	18264	18730	19278	19816
679	1599	2186	2383	4412	5497	6832	6397	9532	11174	12113	13187	14148	15779	16397	17048	17719	18269	18731	18279	19821
683	1604	2188	3364	4419	5505	6835	8416	9584	11182	12127	13178	14165	15780	16400	17057	17724	18274	18743	19280	19823
688	1605	2201	3406	4426	5512	6893	8442	9600	11184	12129	13178	14166	15782	16413	17060	17734	18275	18744	18282	19824
711	1606	2218	3407	4428	5513	6894	8462	9601	11204	12130	13185	14170	15786	18416	17061	17751	18279	18763	19267	19828
713	1816	2231	3408	4434	5522	6896	8463	9602	11209	12131	13188	14184	15788	16417	17071	17752	18283	18768	19289	19830
714	1632	2232	3410	4435	5533	6918	8467	9603	11213	12142	18189	14185	15791	16418	17079	17753	18284	18788	19298	19841
715	1649	2275	3412	4465	5541	6927	8469	9652	11221	12150	13191	14191	15795	16419	17091	17754	18293	18794	19302	19842
718	1651	2335	3417	4470	5543	8962	8472	9653	11225	12168	13203	14193	15796	16421	17082	17757	18294	18805	19314	19844
717	1652	2336	3432	4471	5566	6888	8480	9654	11238	12167	13218	14198	15797	16436	17099	17763	18296	18808	19327	19845
729	1653	2337	3433	4472	5577	8989	8482	9688	11275	12168	13219	14218	15798	16441	17101	17770	18297	18811	19331	19852
737	1864	2336	3434	4486	5580	6996	8546	9697	11278	12189	13220	14238	15799	16459	17102	17771	18300	16812	18336	19855
745	1655	2339	3436	4522	5585	6998	8547	9707	11297	12178	13225	14240	15805	16460	17138	17780	18301	18815	19339	19864
820	1656	2347	3610	4523	5601	7013	8548	9708	11300	12200	13233	14244	15817	16464	17139	17790	16302	18617	18348	19867
834	1658	2349	3618	4535	5603	7014	8549	9709	11302	12215	13235	14260	15819	16476	17148	17802	18303	18819	19354	19908
838	1666	2353	3627	4536	5607	7015	8560	9718	11303	12217	13236	14261	15820	16482	17152	17813	18304	18820	18358	19956
856	1672	2364	3628	4552	5620	7041	8566	9721	11322	12222	13246	14262	15883	16483	17153	17820	18309	18821	18357	19972
870	1679	2402	3629	4553	5633	7132	8590	9726	11326	12233	13247	14264	15895	16484	17154	17830	18321	18829	19366	19978
873	1687	2407	3630	4554	5636	7137	8594	9727	11329	12339	13242	14268	15901	16485	17160	17835	18342	18838	19373	
874	1688	2412	3675	4556	5638	7138	8648	9780	11331	12381	13250	14269	15922	16486	17170	17836	18344	18841	18374	
883	1689	2500	3676	4557	5653	7140	8653	9781	11342	12403	13258	14281	15925	16487	17173	77843	18358	18842	19382	
903	1690	2520	3677	4594	5859	7141	8654	9764	11344	12421	13259	14311	15945	16491	17178	17855	16857	18845	19383	
904	1692	2548	3678	4600	5664	7142	8656	9787	11346	12423	13263	14314	15958	16492	17180	17870	16363	18849	19384	
910	1694	2549	3679	4607	5673	7174	8665	9609	11354	12432	13264	14331	16012	16496	17188	17871	18365	18850	19385	

On March 1, 1982, there will become due and payable on the Debentures to be redeemed the principal amount thereof together with accrued interest to March 1, 1982. On and after March 1, 1982, interest on the Debentures to be redeemed shall cease to accrue.

Payment of Debentures to be redeemed will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment therein of public and private debts. Payment of Debentures redeemed at the hereinafter listed offices of Paying Agents outside of the United States of America shall be by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City.

Payment of Debentures to be redeemed will be made on or after March 1, 1982 upon presentation and surrender of said Debentures, with all coupons appertaining thereto maturing after March 1, 1982, at any of the following Paying Agents:

The Chase Manhattan Bank, N.A.
Corporate Bond Redemptions
P.O. Box 2020
One New York Plaza—14th Floor
New York, New York 10081

The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street
London, E.C. 2, England

Hambros Bank Limited
41 Bishopsgate
London EC2P 2AA England

Banque Internationale a Luxembourg S.A.
2 Boulevard Royal, P.O. Box 2205
Luxembourg, Luxembourg

Banca Commerciale Italiana S.p.A.
Sede di Milano
6 Piazza della Scala
Milan, Italy

The Chase Manhattan Bank, N.A.
41 Rue Cambon 75
Paris, France

Banque de Paris et des Pays-Bas
3 Rue d'Antin
Paris, France

Nederlandsche Credietbank N.V.
Herengracht 458 1017 CA
P.O. Box 941
Amsterdam, Netherlands

Banque Bruxelles Lambert S.A.
2 Rue de la Regence
Brussels, Belgium

Commerzbank Aktiengesellschaft
Breit Strasse 25
Dusseldorf, Germany

The Chase Manhattan Bank, N.A.
Taunus Anlage 11
Frankfurt/Main, Germany

Dresdner Bank Aktiengesellschaft
7 Gallus Anlage
Frankfurt/Main, Germany

N. M. Rothschild & Sons
New Court
St. Swithin's Lane
London EC4P 4DU, England

Coupons which shall mature on, or shall have matured prior to, said redemption date should be detached and surrendered for payment in the usual manner.

Occidental Overseas Capital Corporation

By The Chase Manhattan Bank (National Association), Fiscal Agent

Dated: January 29, 1982

Banking unions reject 7.5% offer

By Brian Groom, Labour Staff

THE English clearing banks yesterday offered their 180,000 clerical staff a 7.5 per cent pay rise. It was made clear they wanted a settlement well below last year's 10 per cent.

This declaration at the outset of one of the pay round's most politically sensitive negotiations brought the expected protests from the unions.

The offer was rejected by the Banking, Insurance and Finance Union and its non-TUC-affiliated rival, the Clearing Bank Union, which have claimed 15 per cent increases. Bifu is also seeking an £80 a week minimum for a grade one clerk aged 21.

Mr Leif Mills, Bifu general secretary, said: "There is no way we are going to lie down and accept a statement by the great British banks that living standards must fall."

'No crisis'

The banks were ignoring arguments about ability to pay so that they could achieve a settlement which would appear reasonable elsewhere in the economy, he said.

Mr Jack Britz, CBU general secretary, said: "There is no economic crisis in banking—the banks have never had it so good—yet all they are prepared to offer in return to their staff is a continuous decline in their living standards."

The unions—which negotiate separately and without an agreed procedure—know, however, that they will have difficulty in budging the banks from their intention.

Bifu, in particular, is having to consider carefully its tactics after industrial action last year failed to force an offer of more than 10 per cent.

Increments

The unions and the Federation of London Clearing Bank Employers—representing Barclays, National Westminster, Lloyds, Midland and Williams and Glyn's will meet again next month. The settlement date for the talks, which cover the minimum managerial salary as well as clerical grades one to four, is April 1.

The federation's main argument yesterday was that bank staff could not isolate themselves from the rest of the economy. Banks could not pay their own employees increases that were seen by their customers and the public as unreasonable, and paid at their expense.

It argued that although last year's 10 per cent deal was 2.6 percentage points below the rate of inflation, staff had done well when individuals' merit rises were taken into account.

A study of clerical staff had shown that average salaries rose by 13.6 per cent in the year to October, 1981, the federation said.

Doubts over rail pay inquiry

PROSPECTS OF a committee of inquiry being set up by the Advisory, Conciliation and Arbitration Service into the British Rail pay and productivity dispute hung in the balance last night, writes Philip Bassett.

Mr Pat Lowry, Acas chairman, had a two-hour meeting with Mr Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen, which was thought to be inconclusive.

The meeting went over Aslef's objections to BR's insistence that any terms of reference of any inquiry should make it clear that it would examine the crucial productivity issue of flexible rostering. Mr Buckton reported the outcome of the meeting to his executive committee last night.

However, before he met Mr Lowry, Mr Buckton said in a radio interview that he could not understand why an inquiry was needed into whether BR was right or wrong to withhold the payment of the 3 per cent second stage of last year's two-part 11 per cent pay deal.

Mr Buckton was then reported as saying that an inquiry would seem "to be rather a waste of time and money." Some members of the Aslef executive actively oppose the union giving evidence to an inquiry at all.

If the executive formally takes this position, then it is likely that the whole idea of an inquiry will fall, as did the idea of binding arbitration.

While Acas has the acceptance of BR's two other unions to the idea, and the reluctant agreement of BR, it is unlikely to take up the statutory opportunity of setting up an inquiry of its own accord if it cannot get the agreement of all the parties.

● Train services should return to normal today following the second day of this week's Aslef strike, though there could be disruption by guards' unofficial industrial action.

Aslef also reneged on its agreement, says Weighell

BY PHILIP BASSETT, LABOUR STAFF

WIDE DIFFERENCES between British Rail's major unions over the pay and productivity dispute emerged yesterday as Mr Sid Weighell, general secretary of the National Union of Railwaymen, said that the train drivers' union, as well as BR, had reneged on its agreement.

Mr Weighell's criticisms of the Associated Society of Locomotive Engineers and Firemen followed accusations from an Aslef executive member that by supporting the crucial productivity issue of flexible rostering, the NUR was breaking an agreement with Aslef to stand together on the question.

This renewed infighting between the two unions, often involved in inter-union disputes in the past, must decrease the likelihood of a speedy settlement of the dispute.

Mr Weighell said that the NUR had honoured its part in the agreements since the understandings on pay and productivity were signed by BR and all the unions last August under the auspices of Acas.

He said: "The BR Board has only honoured part of its agreement. It has reneged on payment of the 3 per cent — and the train drivers have reneged on their part."

Aslef is refusing to discuss any flexibility in work rostering which involves a shift from the guaranteed eight-hour working day established in 1919. Mr Weighell said that if Aslef intended never to move from the eight-hour day, it should never have signed the original agreement.

Further, the NUR said that Aslef had at one stage agreed to flexible rostering, and pointed to an agreed minute of negotiation from November 18, which says that Aslef "felt that the relinquishment of the eight-hour day agreement could not be considered unless the benefits derived from the new system adequately compensated their members."

This minute further clouds rather than clarifies Aslef's position, though.

Mr Weighell said that the two unions were trying to maintain a "semblance of solidarity," though he agreed that relations between them were "delicate."

The two unions were supposed to join together this week in the first meeting of the council of the Rail Federation, which was coaxed into being with the help of Mr Len Murray, TUC general secretary.

That meeting was cancelled, though, and Mr Weighell yesterday wrote to Mr Murray asking him to chair urgently a meeting of the two unions in an effort to maintain the federation—the first real step the two unions have taken towards amalgamation for 60 years.

Pay sanctions at General Accident

BY BRIAN GROOM, LABOUR STAFF

THE BIGGEST union at General Accident, the leading motor insurer, yesterday began a campaign of sanctions against the company's 7.8 per cent pay offer.

The 5,500 members of the Association of Scientific, Technical and Managerial Staffs (ASTMS) are to refuse to work by telephone and will work to rule, after rejecting the offer by more than 4 to 1 in a ballot.

The Association of Professional, Executive, Clerical and Computer Staff (Apex), representing 1,200 of the company's 10,500 staff, has said it will begin a work-to-rule and overtime ban on Monday.

The two unions are co-operating over this dispute, in spite of the rivalry between them. Mr Peter Kennedy, ASTMS national officer, said he was keeping in close contact with his opposite number at Apex, Mr Keith Standring, to ensure the company did not exploit differences between them.

Mr Kennedy said no amount of "fiddling with the bonus scheme," would disguise the fact that 7.8 per cent on salaries was not enough.

ASTMS members will deal with work in strict date order of receipt, except where delay would cause extreme personal distress to policy holders, such as with a death policy.

Shipyard strike over 'dirty jobs'

NINE HUNDRED boilermakers at the Cammell Laird shipyard, Birkenhead, walked out yesterday in protest over a management refusal to pay the men extra cash for dirty jobs.

The boilermakers went on strike after they learned that stagers carrying out scaffolding work for repairs on ships in dock gates were not being paid the "dirt" allowance. Management refused to comment.

● About 300 dock tallymen at Hull went on strike over pay yesterday. They are claiming a payment which the management says they are no longer entitled to under the two-shift working system introduced earlier this month.

Pharmacists action

HOSPITAL emergency services will be hit from next Monday if action by pharmacists goes ahead.

The white-collar union ASTMS said hospital pharmacists would refuse to provide emergency services unless the Government agreed to pay for work done outside normal hours. The pharmacists are called into hospitals at night and weekends to supply urgent drugs, destroy defective ones, and give information on adverse drug reactions.

Pay cuts accepted

MORE THAN 2,000 employees of the furniture company Christie Tyler have voted to accept pay cuts of up to 10 per cent to save jobs at eight factories in South Wales.

Management had warned that hundreds of jobs could be lost unless costs were cut and productivity improved. Management staff will also take a cut. The company is based at Bridgend in Mid-Glamorgan.

Civil servants plan

TOP civil servants should be "court martialled" in public for their mistakes, Sir Frederick Corfield, a former Government minister, said yesterday.

Sir Frederick, former Conservative MP for South Gloucester, said higher-grade civil servants should be held responsible for their stewardship.

Leyland strikers take tough line

BY NICK GARNETT, NORTHERN CORRESPONDENT

WORKERS AT Leyland Vehicles manufacturing site in Lancashire agreed overwhelmingly yesterday to continue the strike over the corporate plan for BL's commercial vehicles manufacturing arm.

About 4,000 workers met to vote on the strike after the breakdown of talks between shop stewards and the company on Wednesday.

The unions are insisting that the company negotiates changes in its corporate plan—which involves 1,855 job losses at Leyland and a total of 4,100 for the company as a whole, through manufacturing rationalisation and cuts.

Leyland Vehicles stressed yesterday that it was seeking an early resumption of talks with the unions, but its statement again avoided the term "negotiate."

Mr Mick Coyne, the chairman of the shop stewards at the Leyland site, said last night he would ask management today "which direction they are prepared to go in" following the outcome of the meeting.

Shop stewards are due to discuss the position with Lancashire officials of unions in the Confederation of Shipbuilding and Engineering unions tomorrow. Workers are occupying the company's plant at Bathgate, Scotland, over the same issues.

The company almost certainly expected the decision from the mass meeting, but said it was "extremely disappointed" by it, nevertheless.

"The company categorically confirms that it is ready and willing to talk with employee representatives and will be making every effort to do so. We believe there is considerable ground for meaningful discussion which can progress the issues at stake. We are asking the unions for full and total talks on their proposals."

The unions are proposing much greater investment to maintain more engine manufacturing at the Leyland site.

Dunlop plant closure talks reach deadlock

BY ROBIN REEVES, WELSH CORRESPONDENT

FURTHER talks between Dunlop senior management and trade union officials over the proposed closure of the company's Semtex floor coverings factory at Brynmawr, South Wales, have ended in deadlock and acrimony.

At an eight hour meeting in Newport, Gwent, under the auspices of Acas, Dunlop said it was not prepared to discuss redundancy arrangements until the factory sit in, begun by 450 workers at Brynmawr six weeks ago, is ended.

About 600 workers are due to lose their jobs. Dunlop has decided to withdraw from the rubber and carpet tile markets for which Brynmawr was the manufacturing centre.

The dispute was triggered in mid-December by proposals for 60 redundancies. The workers demanded further investment to secure the factory's future.

Yesterday Mr Jim Morris of the Transport and General Workers Union, who led the union side, said Dunlop had adopted a "callous attitude" and "showed no compassion whatsoever for men who have worked at the factory for up to 25 years."

Dunlop said that those who organised the sit in had known the position full well from the outset.

Mr Morris said he was now referring the dispute to Mr John Miller, the Transport Union's national officer for the chemical industry, a move which could involve other Dunlop plants in the dispute unless it is resolved soon.

Pipe of peace

A COMPROMISE formula led to the full resumption of production on the three shifts yesterday at the British American Tobacco Company factory in the north dockland area of Liverpool.

Most of the 1,500 employees walked out on Tuesday after a union official was dismissed over a dispute involving an expenses claim. They voted yesterday to back a Tobacco Workers Union recommendation to accept a peace formula.

هكذا من الأصل

History is made:

NIGERIA PRODUCES STEEL

History will be made this afternoon at 12.45 p.m. when President Shehu Shagari, presses the *button to* commence production at the Delta Steel Plant Owwian — Aladja in Bendel State.

The historic occasion will herald Nigeria's entry into the envied society of Steel-Producing Nations of the world and mark a major milestone in the nation's efforts towards true Industrial and Technological Independence.

Throughout his public life activities, in and out of government, President Shagari had always believed in Nigeria being a self-reliant economy — and as the Minister for Economic Development during the First Republic and later as the Federal Commissioner for Finance, he laid concrete plans for the realisation of his great ambition for this country. This is why *a few months after being* sworn in as Nigeria's First Executive President of the Nation's Second Republic, he was quick to make a trip to the Delta Steel Plant at Ovwian — Aladja to see the progress of work on site.

On that occasion he made the historic declaration: "My administration is convinced that the greatest gain Nigeria will derive from *this project* is the rapid development of skilled and technological capabilities without which we can not achieve national self-reliance. I am looking forward to the day when Nigerians will be designing and constructing steel plants and other industrial projects".

Because of his commitment to Nigeria's true industrial greatness, President Shagari has made the production of Steel one of the *major* goals of his administration. Allied to this commitment is the President's belief, in the dispersal of industries throughout the Federation.

The commencement of production of steel in Nigeria today is the realisation of a major dream of all true lovers of this country.

PRESIDENT SHEHU ALIYU USMAN SHAGARI
The man who today ushers in Nigeria's Steel era

The History of Steel Development in Nigeria

The commissioning of the Delta Steel Plant at Owwian-Aladja, in Bendel State of Nigeria today, January 29, 1982 by the *President*, *Alhaji* Shehu Shagari, marks the realisation of a long dream for *Nigeria. The dream has had* a long and chequered history, dating as far back as 1958 in the pre-Independence days. It was at this time that Nigeria's national planners first mooted the idea of large scale local steel production.

At the time, Nigeria consulted with Western experts as well as with themselves on the viability and the economic advantages of large scale steel production. Many Nigerians were aware of the obvious advantages in relation to industrial development and the laying of a foundation for technological growth. However, the experts thought differently.

Inspite of this early discouraging assessment of the potential of Nigeria as a major steel producer, proposals were received, some for small plants of the order of 100,000 tonnes per annum and others for medium capacity plants up to 300,000 tonnes per annum. One outcome of the review of these proposals in *national thinking* was a tendency towards introversion leading to the decision *to begin firstly to prove* Nigeria's iron ore and coal deposits. The time was now in the middle sixties.

GEOLOGICAL INVESTIGATIONS

Iron ore deposits of unknown reserves and quality were *already known* to exist in Nigeria at such places as Udi, Enugu and Agbaja. Tests on samples from these deposits had shown that the ores were in general of relatively poor quality, particularly on account of the low iron content (47.5%) and very high ratio of gangue. It ws clear that a full scale and intensive nationwide survey covering all potential raw *material sources* for iron and steel manufacture was required. An agreement on technical and economic co-operation signed between the Nigerian Government and that of the Soviet Union was sufficient to cover for this requirement. Soviet experts arrived in Nigeria in *1967* and conducted a feasibility study which confirmed that iron ore then found in Nigeria was of low quality. Geological services were then *suggested* for extensive exploration for iron ore and coking coal. Work started in 1968. Between 1968 and 1970, work progressed rather slowly on account of discouraging results. To speed up progress, the Nigerian Government sent a delegation to *Moscow* in *June 1970* to discuss the slow progress of work. The result was an agreement signed in November *1970* in Lagos between the Nigerian Government and Techno-*export, a Corporation* of the Soviet Government. Under this agreement, the active participation of Nigerian personnel in the geological survey was re-emphasized and the Soviet Government was to provide the key specialists as well as equipment.

The main achievement of the survey that followed was the discovery of Itakpe iron ore deposits in *Kwara* State and consequently, the siting of Nigeria's first blast *furnace steel plant* at Ajaokuta as well as the establishment of the Nigerian Steel Development Authority (NSDA), as an organisation charged with the responsibility for all matters related to the manufacture of iron and steel in Nigeria.

THE STEEL INDUSTRY IS BORN

The creation of NSDA in 1971 can be considered as synonymous with the laying of the foundation stone for large scale steel production in Nigeria. Initially, the NSDA operations focussed attention on the implementation of extensive geological surveys for raw *materials* for the steel industry. Additionally, staff were recruited and the *training* of these staff commenced at various steel plants in India and the Soviet Union. Studies were also conducted on the historical and future consumption pattern for steel products in Nigeria and on the delimitation of the product mix required for the envisaged steel projects. The study showed among other things that Nigeria *would be consuming crude* steel in the order of *3.5* million tonnes in 1980.

During the period of the Third National Development Plan (1975-1980), the *time* was ripe for decision-making. Funds were considered available particularly from oil revenues. Also, the direct reduction (DR) process had become popular world-wide and several commercial plants were already operating successfully. Additionally, in comparison to the BF route, the DR process had been proven to require less capital investment and construction time as well as a relatively lower operating cost and a *higher* return on investment.

The initial decision was then made and two Direct Reduction-Electric Arc Furnace Steel Plants were envisaged for construction during the period 1975-1980. This was to be in addition to the Ajaokuta Blast Furnace steel project for which bilateral agreements had been reached between the Governments of Nigeria and Soviet Union much earlier.

Project promotion work on the direct reduction plants began in 1975 and in October 1977, the contract for the Delta Steel Plant was signed. Simultaneously with this event, Government decided to shelve the execution of the second DR project for economic and technical reasons.

The contract for the execution of the Delta Steel project was awarded to the *Consortium Steel Plant A/Nigeria* (CSA), a conglomerate consisting of West German and Austrian steel makers and equipment and machinery manufacturers. The scope of the agreement was for an integrated steel plant consisting of such major production units as the lime calcination plant, the pellet plant, the DR plant, the *electric steel making shop*, the continuous casting plant, the rolling mill for light sections and various utility and auxiliary units as well as offsites. All production and service units were to match the contract capacity of the steel melting shop which is rated at 1 million tonnes of liquid steel per annum.

In additional contracts, CSA also accepted responsibility to train Nigerian personnel in various aspects of steel plant operation and administration as well as to provide back-up technical services during the early years of plant operation.

For project monitoring and construction supervision, a separate agreement was reached with the Metallurgical and Engineering Consultants (India) Limited in 1978. Other related contracts signed in 1978 included one with the Midland Ross Corporation of U.S.A. for the Midrex Direct Reduction process licence and another with CONCAST AG of Switzerland for the CONCAST continuous casting process licence.

At this time, the Delta Steel project was under the ministerial supervision of the Federal Ministry of Industries. With the advent of the present Presidential Administration in 1979, a more dynamic approach for the speedy development of the steel industry in Nigeria was taken and a separate *Ministry*, the Steel Development Department in the Executive Office of the President, was created. The first Cabinet Minister appointed for the Steel Development Department was Mr Paul Unongo. Mr Unongo's appointment lapsed in 1980 and the incumbent Minister, Mallam Mamman Ali Makele took over the helm of *affairs* from September, 1980.

The financial arrangements ultimately agreed to by the Government for the complete execution of the Delta Steel project was two-tiered, partly in equity share capital and partly in long term loans and off-shore credits tied to the Steel Plant. The off-shore sources of funds included:

(i) Euro-Consortium loan (Jumbo Loan) of DM750 million

(ii) HERMES covered credit for supplies originating from West Germany — DM1.2 billion

(iii) OKB covered credit for supplies originating from Austria — 1 billion Austrian Shillings

Subsequently, an additional export credit amounting to DM200 million was secured to *satisfactorily* complete the project and put it into optimum operation.

All in all, the total financial outlay for the complete implementation of the Delta Steel Plant Phase I, and allied infrastructure is within ₦1.25 billion. This includes the costs of steel township construction, *link roads*, dredging of the river channel, plant harbours, *administration building* and other associated infrastructures, including establishment and development of the Company, training of staff locally and overseas, technical assistance and MECON consultancy fees, *payment of licence fees* on patented processes, and of the complete construction, *supplies, erection* and commissioning of the 1 million tonne integrated steel works.

> "Steel is an important material to national development. It is an essential input for agricultural and indeed every aspect of human activity"
>
> *President Shehu Shagari*

THE DELTA STEEL COMPANY LIMITED

The Delta Steel Company Limited started operations under the name, "Delta Steel Complex" until the Company was incorporated under *the Companies Act* (1968) on 14th November, 1979 with an equity share capital of N220 million, all *allotted* to the Federal Government. The site of the steel plant is between two villages, Ovwian and Aladja in Udu Clan of Ughelli Local Government Area in *Bendel State*. The plant is located on the south bank of the *Warri River*, some six kilometres south-west of the industrial town of Warri and over an area of approximately 130 hectares.

The selection of Ovwian-Aladja as the site for the *Delta Steel plant took into* consideration the abundance of natural gas which *forms the major energy* requirement partly for the Midrex Direct Reduction process utilized by the plant, and partly for the generation of electricity which is presently supplied to the Company by the NEPA *Ogorode Power Station*, near Sapele. Added to this is the easy access to the *plant by sea, making it* in effect a Seaport Plant like most other modern steel plants of the world.

Work commenced on this site early in 1978. The Nigerian team on the project at the time was *around* ten *staff* including the Project Co-ordinator, now the General Manager, Mr *Fred A.Brume*, and some other staff consisting of secondments from the (supervisory) Federal Ministry of Industries and some serving staff of the National Youth Service Corps. By December *1979*, the staff strength had increased remarkably to about *110* staff. A back-up team of MECON consultants were also on site.

It is easy to see that considering *the* commissioning of the Delta Steel plant today, January 29, 1982, the Company has come a long way. Work is now virtually completed and the plant is under production. *Over 5,000* staff have been recruited and deployed and some *trained both locally* and overseas for those positions requiring the specialised programme. Some 1,335 housing units out of a total of 6,335 are completed and many occupied by staff as well as expatriate contractors and consultants. The NPA-Aladja Warri By-Pass links the plant through a stretch of 17 kilometre dual carriageway system to a *point* outside Warri and on the outskirts of Effurun. Although the plant has its *own captive* harbour, the Warri harbour can also be reached on the NPA-Aladja Expressway By-Pass.

ORGANISATION:

Similar progress has also been achieved in the structuring of the Company organisation. An eight-member Board of the Delta Steel Company Limited was appointed by the President, Alhaji Shehu Shagari in late 1980, and inaugurated by the Minister of Steel Development, Mallam *Mamman Ali Makele*, on December 23rd, 1980. It has Chief Tunji Arosanyin as Chairman, with Chief T. Ogigbah, Alhaji Yahaya Bawa Jega, Alhaji M.A. Aziz and Chief Goddy Ezekwe as members. Others are Mr Fred A. Brume, General Manager and Chief Executive, the Permanent Secretary for Steel Development Department and the Permanent Secretary, *Ministry* of Science and Technology.

The Chief Executive of the Delta Steel Company is the General Manager who reports to and is a member of the Board of Directors. The General Manager therefore has full responsibilities for the day-to-day running of the plant in terms of production and operations, maintenance, technical services and administration. Reporting to the General Manager are five Deputy General Managers with specific responsibilities in the following sectors:

- Production
- Technical Services
- Administration
- Commercial
- Finance

The Delta Steel Company has its headquarters at Ovwian-Aladja, near Warri in the Bendel State of the Federal Republic of Nigeria. The Company operates Liaison Offices in Lagos, Nigeria and Dusseldorf in Western Germany.

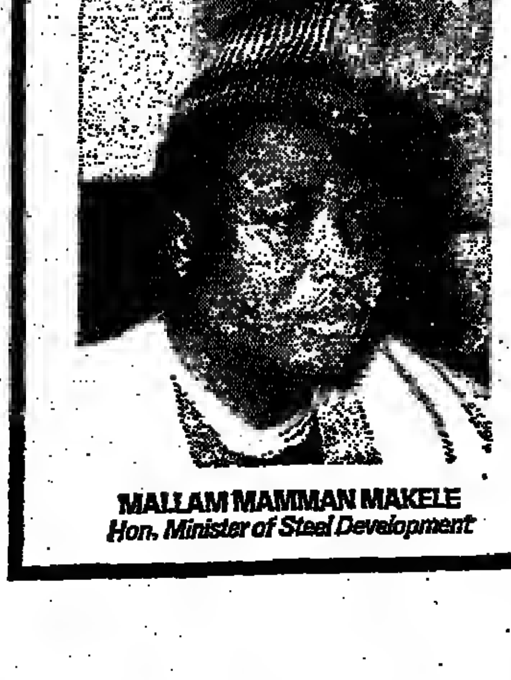
MANPOWER DEVELOPMENT:

Right from the planning stage of the Delta Steel Complex, the availability of the right type and quantity of trained manpower was seen as a critical pre-requisite for the successful *operation of the steel plant*. It was foreseen that the Company would require a workforce of the order of 6,000 in which over 4,500 would be employed in Productioo and other Technical functions and the balance of some 1,500 would cover such non-technical duties as *Administration*, Accounting and Finance and Commercial.

By the end of 1981, the Company had trained a total of 1,350 staff. The *training* of *technicians* and craftsmen started at the Company's Training Centre *at plant site in April, 1980*. By the end of 1981, the graduates of the training centre numbered 800. Many of these have already been absorbed into the workforce of the Company *for further* in-plant orientation and deployment to Operations or Maintenance.

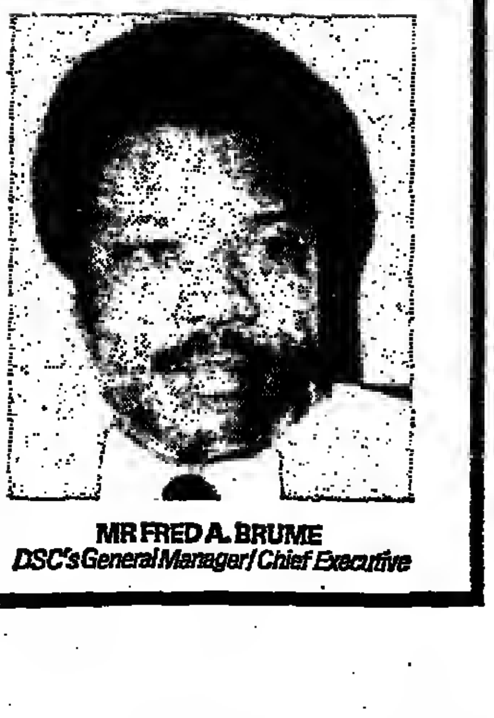
The Company also operates a Technical Assistance Contract with CSA. This agreement provides for a back-up core of up to 120 experienced European steel-makers in various disciplines to support Nigerian personnel in the process of plant commissioning and initial plant operation for a period of three years.

WHO IS WHO IN NIGERIA'S STEEL INDUSTRY



MALLAM MAMMAN MAKELE
Hon. Minister of Steel Development

CHIEF TUNJI AROSANYIN
Chairman, DSC's Board



MR FRED A. BRUME
DSC's General Manager/Chief Executive

UK NEWS – PARLIAMENT and POLITICS

Howe rules out major Budget stimulus to demand

BY IVOR OWEN

MEASURES designed to stimulate a major increase in demand will not form part of the Budget to be introduced on March 9, Sir Geoffrey Howe, the Chancellor of the Exchequer assured the Commons last night.

He hinted that the primary purpose of any tax incentives he is able to offer within admittedly limited room for manoeuvre will be to give added impetus to improvements in productivity.

"The wets have not won" was his clearly implied verdict on the Cabinet meeting held earlier in the day when senior ministers critical of current economic policies were given the opportunity to state their views on his Budget strategy.

Sir Geoffrey flatly rejected a demand by Mr Peter Shore, Labour's Shadow Chancellor, for a £6bn increase in borrowing—taking the public sector borrowing requirement up to £16.5bn—to finance an investment programme to prevent unemployment climbing to 3,750,000.

Sir Geoffrey warned that such a massive increase in borrowing would have implications for the strength of sterling and the level of interest rates—already areas of concern in view of the possible repercussions of the policies being pursued in the U.S.

In an unusually outspoken criticism of recent developments in Washington he emphasised the importance of

❛We have laid foundations that will last❜ Sir Geoffrey Howe

❛Smouldering discontent throughout the nation❜ Peter Shore

ensuring that fiscal and monetary policies marched in tandem.

He stressed that a sharp depreciation in sterling would have an impact on inflation in Britain which could not be ignored.

The Chancellor told MPs that the March Budget would be designed to maintain the process of steady recovery.

He emphasised: "We shall continue to create the conditions for sustainable economic growth. We have not sought and we shall not seek to stimulate growth directly by pulling the levers of monetary demand."

"We have laid foundations that will last, and we intend to go on building sensibly upon them. That is right for growth right for employment and right for the country."

Sir Geoffrey reminded MPs that it had not been a lack of potential markets which had been at the heart of Britain's economic problems.

There had been no shortage of demand over the last 10 years, a period during which money spending in Britain rose 20 times as fast as output.

To cheers from Government supporters he contended "that is what the country is now starting to put right—an effort on March 9 I aim to assist."

The Chancellor said he was determined to use the Budget to sustain and maintain the progress now evident to all except the politically prejudiced.

Sir Geoffrey reaffirmed his view that by containing the scale of public borrowing, the country would benefit from lower interest rates than would otherwise be experienced.

He believed this would do more to help manufacturing industry than the alternative combination of higher borrowing and higher interest rates.

Like some economic commentators, he suggested that the forecast of 1 per cent growth in the coming year might be unduly pessimistic, and warned that a recovery in profit margins was heavily dependent on moderation in pay settlements.

Labour MPs protested when he admitted that the unemployment statistics were likely to be among the last of the economic indicators to record any improvement.

Mr Shore contrasted the claims made by the Government for its economic policies with the fact that after nearly three years in office, it had produced post war records of unemployment and created smouldering discontent in virtually every section of the nation.

The Government appeared to accept the fact that unemployment was going to get still worse, and had indicated that it still expected inflation to be in double figures at the end of 1982.

Mr Shore accused the Government of using the public sector borrowing requirement and control of the money supply as the principle weapons of deflation.

Mr Shore said that the March Budget would provide an opportunity to escape from the intellectual strait jacket which ministers had been confined by their blind pursuit of dogma.

He maintained that a moderate reflation of the kind advocated by the so-called Tory wets and their spiritual allies among the Social Democrats and the Liberals would be totally inadequate. He said that borrowing by a Government in a period of recession made economic sense. He pressed for an exchange rate policy which reflected the real competitive strength of industry.

He insisted: "The pound is too high. It has got to come down to the level where British companies can fight their Continental and other rivals on equal terms."

Mr Shore acknowledged the need to avoid a return to roaring inflation and repeated Labour's intention to seek an understanding with the unions.

He also envisaged a "serious dialogue" between the next Labour Government and the major companies so that ministers could share in the planning of strategic investment decisions.

Mr Tony Benn used the debate to put forward the case for the whole range of Labour conference policies — including abolition of the House of Lords, withdrawal from the EEC, and a radical new system of planning.

Howe: critical of Washington

In a speech which gave an indication of the approach he is likely to adopt over the next few months Mr Benn criticised the last Labour government's approach to pay, and came out strongly against any form of pay policy.

Heseltine rates Bill under threat in committee

By Robin Pauley

THE OPPOSITION is expected to halt the progress of the Local Government Finance (No. 2) Bill unless the Government announces whether and how it intends to change the most controversial aspect.

A row is under way between Mr Michael Heseltine, Environment Secretary, and Treasury Ministers about whether the Government should take powers to intervene in a council's spending and to withdraw grants after the start of the financial year.

If it did, councils would be unable to make up the lost money because the Bill will also ban them from levying supplementary rates.

Mr Heseltine does not want the power and knows he cannot get a majority for it in the Commons committee examining the Bill because up to five Tories are determined to vote against it.

The Treasury wants the power to exist because without it nothing can be done about overshooting of targets. Treasury ministers have forced the issue into Cabinet, where it remains unresolved.

Mr Tom King, Local Government Minister, was considerably embarrassed by the situation at yesterday's committee sitting. He indicated that the Environment Department "understood" the concern about clause 4 and wanted to do something about it. But he said he could make no statement.

Mr Christopher Price (Lab, Lewisham West) said Mr King was offering a Christmas present nicely wrapped up, but insisting it could not be opened until Christmas Day. It was so important to know what was in the present that consideration of all other amendments should be postponed until the Minister could make a statement.

Mr Hary Cowans (Lab, Newcastle Central) wanted the entire Committee Stage suspended until the Government "knows what it wants to do." The committee has not yet programmed beyond Clause 1.

In the end, after lengthy pressure on Mr King to which he could not respond without pre-empting the Cabinet, Mr Gerald Kaufman, leading the Opposition on the committee, came to his rescue.

He allowed the discussion of amendments to continue for the rest of the morning after telling the minister that he should report back to his colleagues, "particularly those in the Treasury," that they were making his life in committee impossible.

If the Treasury pushed too hard it stood a good chance of "killing the Bill altogether."

The committee meets again on Tuesday. If a definite Government statement about changes to the offending clause cannot be made the Opposition is expected to raise a point of order and talk it out until lunch time, bringing all consideration of the Bill to a full stop.

US$ 46,017,780,000

THAT'S JUST THE START OF ABN'S ASSETS.

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*Rate of exchange 6.30-'81 US $ = f 2.662.

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Fairbairn job goes to Fraser

By Elinor Goodman, Political Correspondent

MRS THATCHER yesterday appointed Mr Peter Fraser, the Conservative MP for Angus South, Solicitor General for Scotland in place of Mr Nicholas Fairbairn, who was forced to resign last week over his handling of a Glasgow rape case.

Mr Fraser, 36, was formerly Parliamentary Private Secretary to Sir George Younger, the Secretary of State for Scotland. He entered parliament at the last election, and is generally regarded as being on the left of the party. He has been an advocate for about 12 years, and is a former chairman of the Scottish Conservative Lawyers' Law Reform Group.

The Prime Minister could have appointed a replacement for Mr Fairbairn from outside parliament hut she apparently wanted the post to continue to be held by an MP.

Plaid Cymru 'must repay £50,000 debts'

By Robin Reeves, Welsh Correspondent

THE WELSH nationalist party, Plaid Cymru, has debts of £50,000 which must be cleared at once if the party is to make any political impact, Mr Dafydd Wigley MP, Plaid's new leader, warned yesterday.

Launching the party's annual St David's Day appeal Mr Wigley said Plaid had leaflets waiting to be printed and ambitious campaigns ready on unemployment, water charges and nuclear disarmament.

"Yet we cannot get them properly under way because of our cash restraints. At the very time Wales most needs Plaid Cymru's leadership, we are hamstrung by historic debts," he said.

Next week in parliament

COMMONS

Monday: debate on the nuclear power programme.

Tuesday: Coal Industry Bill, Second Reading; New Towns Bill, remaining stages.

Wednesday: Local Government (Miscellaneous Provisions) Bill, remaining stages; Electricity Service (Finance) (Northern Ireland) Order; Lloyds Bill, Report.

Thursday: debate on help for the elderly.

Friday: Private Members' Bills.

LORDS

Monday: Mental Health (Amendment) Bill, Committee; Fishing Vessels (Acquisition) and Improvement) Grants Scheme.

Tuesday: Currency Bill, Committee and remaining stages. Social Security Contributions Bill, Report and Third Reading; Civic Government (Scotland) Bill, Committee; Rates Amendment (NI) Order; Electricity Service (Finance) (NI) Order.

Wednesday: debates on the effects of market forces on society, and on part-time higher education.

Thursday: debate on the Scarman Report.

'American con men' jibe at De Lorean

FINANCIAL TIMES REPORTER

DE LOREAN CAR were branded in the Commons yesterday as "a lot of American con men."

The accusation followed the announcement that Government-appointed consultants are to check the books of the De Lorean car firm in Belfast.

This is in response to Mr John De Lorean's request for another £35m to keep the firm going.

Mr De Lorean came in for a spate of personal attacks by MPs as Mr Adam Butler, Northern Ireland Minister of State, stressed the Government had made no promises to rescue the firm.

He said: "Nothing in the Government's present words or actions should be taken as committing any further government assistance or comfort to the De Lorean companies."

Mr Butler said the Government's final decision on whether to help De Lorean further would take into account high unemployment in West Belfast.

But he warned: "There is a point beyond which one cannot go.

"We have an acute responsibility to taxpayers in the way money has been used and we have to take that point into account as well as the situation of the workers and unemployment in the province."

Mr Alan Clark (Con, Plymouth, Sutton) said MPs had warned the Government about "the commercial prospects of the enterprise and the financial integrity of De Lorean himself."

Mr Clark said: "Mr De Lorean has most openly boasted in New York that he has a headlock on the British Government and that they will always pay up in the end."

"If the Government wants to use taxpayers' money on job creation schemes in Northern Ireland wouldn't it be better to do so without subsidising the extravagant lifestyle of a lot of American con men?"

Mr Butler said MPs should appreciate the success of the De Lorean firm in getting its car accepted by the American market.

"The fact is it has been hit very hard, the same as Ford and General Motors have, by the sudden and unexpected depression in the car market in the States."

Mr Bob Cryer (Lab Keighley) said: "This particular venture appears to be a rip-off for the directors and a disaster for the workers."

Mr James Kilfedder (Ulster Unionist Down North) said: "It is remarkable and scandalous that De Lorean should have provided Mr De Lorean first class travel by Concorde to New York and back again for one meeting and for seven directors from Belfast to New York at a cost of £15,000."

Mr Gerry Fitt (Ind West Belfast) said the building of the De Lorean plant had been a ray of hope to his constituency.

"There is a dreadful sense of uncertainty now attaching to every employee in that undertaking," he said.

Tories ease opposition to plan for Ulster Assembly

BY MARGARET VAN HATTEM, POLITICAL STAFF

TORY back bench opposition to the Government's plan to set up a form of devolved government in Northern Ireland later this year appears to have eased considerably. This emerged at a meeting yesterday between Mr James Prior, Northern Ireland Secretary, and the Tory back bench committea on Northern Ireland.

Mr Prior outlined plans for a step-by-step devolntion of power centred on the creation of an elected Assembly. As power was transferred from Westminster, the Assembly might be empowered to act by weighted majority possibly of about 70 per cent, to ensure a voice for the province's Catholic minority.

Mr Prior also explained plans for an executive with posts for members of the Assembly whose ultimate competition might be determined by the Assembly by a majority vote.

He stressed, however, that he had taken no final decisions, and it might be several weeks before he was ready to announce plans to the Commons.

Several members of the committee had expected a stormy session from a hard core of about 20 staunch Unionist sympathisers and later expressed surprise at the "calm and conciliatory" tone of the meeting. It was pointed ont that among the 20 MPs present were several of Mr Prior's staunch snpporters who do not usually attend the Northern Ireland committee meetings.

Committee members suggested that much of the opposition was staunched by Mr Prior's claim that the desire for devolution was not only the official policy of all the major political parties in the province but also widely shared among the population generally.

Although strong reservations were expressed at the meeting by MPs including Mr Ivor Stanbrook, (Mr Julian Amery, and Mr Michael McNair-Wilson, their doubts appeared to rest on the Government's chances of success rather than on opposition to devolution in principle.

● The Rev Ian Paisley is likely to be called to give evidence before a Government inquiry into allegations of homosexual practices and a subsequent cover up at the Kincora Boys Home in Belfast.

The matter was raised in Westminster yesterday when Mr Gerry Fitt, the Independent member for West Belfast, drew attention to an Early Day Motion tabled by Mr Paisley. In it Mr Paisley called for a public sworn inquiry into the case, to ensure that justice could be seen to be done. Mr Fitt called for a Commons debate on the issue.

Labour delays discussion on Britoil proposals

LABOUR MPS yesterday successfully held up discussion of the Government's proposals to put oil production into private hands.

They refused to debate the sale of British National Oil Corporation shares without information abont the proposed new production and exploration company Britoil.

Mr Merlyn Rees, shadow Energy Minister, told the Commons standing committee of the Oil and Gas (Enterprise) Bill that they could not discuss the issue properly without the articles of association of the new company.

Mr Tam Dalyell, (Lab West Lothian) accused the Government of "extremely disreputable ministerial behaviour."

The main concern was the Government's intentions regarding the sale of 51 per cent of Britoil's shares and whether they would be allowed to go to "foreign hands."

Mr Hamish Gray, Energy Minister, said the Government would retain a temporary majority of votes, which, when necessary would provide "acceptable safeguards against unacceptable takeover."

The articles of association were not essential at this stage, he said, but the committee would have them later.

Hillhead by-election gathers early momentum

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE AS yet unschednled by-election begann to gather momentum yesterday.

Mr Roy Jenkins, the Alliance candidate, prodnced two prominent local defectors from the Labour Party and the Scottish trade unions voiced their backing for Mr David Wiseman, the Labonr candidate.

The Scottish National Party formally adopted its candidate, Mr George Leslie, on Wednesday night, and the Conservatives met last night to choose their candidate.

Mr Jenkins called a press conference to introduce Mr David Welsh, a Labour candidate in the 1974 elections, who has joined the Social Democratic Party.

Mr Welsh, son of the former Lord Provost of Glasgow, and a former member of the Scottish Labour Party executive, said his decision to leave the party was due to the "irretrievable shift to the left of Labour. It is not the party I joined or my mother and father joined," he said.

Mr Welsh said he wonld look after local issues in Hillhead, which were expected to emerge in a canvas of the constituency taken by the SDP.

Mrs Helen Liddell, the secretary of the Scottish Labour Party, said she was very disappointed Mr Welsh had decided to jump on the Social Democratic bandwagon, and referred to him as a carpetbagger.

The other defector announced by Mr Jenkins was Mr Vincent Cable, who was Labour's candidate in 1970 and a former city councillor.

Earlier, the main trade unions in Scotland called a Press conference to endorse Mr Wiseman. Mr Alex Kitson, of the Transport and General Workers, Mr Clive Jenkins of ASTMS and Mr Gavin Laird of the AUEW were among union leaders present, as part of the Trade Union for a Labour Victory movement backing Mr Wiseman.

Mr Laird said the Labour Party was united in its backing for the candidate, and his union was contributing £500 to get the Labour campaign going.

Mr Wiseman said the theme of the by-election would be jobs and peace.

"It would regenerate the economy through investment, control of imports, and its commitment to withdrawal from the Common Market, he said.

هكذا من الأصل

History is made:

NIGERIA PRODUCES STEEL

History will be made this afternoon at 12.45 p.m. when President Shehu Shagari, presses the button to commence production at the Delta Steel Plant Owwian — Aladja in Bendel State.

The historic occasion will herald Nigeria's entry into the envied society of Steel-Producing Nations of the world and mark a major milestone in the nation's efforts towards true Industrial and Technological Independence.

Throughout his public life activities, in and out of government, President Shagari had always believed in Nigeria being a self-reliant economy — and as the Minister for Economic Development during the First Republic and later as the Federal Commissioner for Finance, he laid concrete plans for the realisation of his great ambition for this country. This is why *a few months after being* sworn in as Nigeria's First Executive President of the Nation's Second Republic, he was quick to make a trip to the Delta Steel Plant at Ovwian — Aladja to see the progress of work on site.

On that occasion he made the historic declaration: "My administration is convinced that the greatest gain Nigeria will derive from *this project* is the rapid development of skilled and technological capabilities without which we can not achieve national self-reliance. I am looking forward to the day when Nigerians will be designing and constructing steel plants and other industrial projects".

Because of his commitment to Nigeria's true industrial greatness, President Shagari has made the production of Steel one of the *major* goals of his administration. Allied to this commitment is the President's belief. in the dispersal of industries throughout the Federation.

The commencement of production of steel in Nigeria today is the realisation of a major dream of all true lovers of this country.

PRESIDENT SHEHU ALIYU USMAN SHAGARI
The man who today ushers in Nigeria's Steel era

The History of Steel Development in Nigeria

The commissioning of the Delta Steel Plant at Ovwian-Aladja, in Bendel State of Nigeria today, January 29, 1982 by the *President*, Alhaji Shehu Shagari, marks the realisation of a long dream for *Nigeria. The dream has had* a long and chequered history, dating as far back as 1958 in the pre-Independence days. It was at this time that Nigeria's national planners first mooted the idea of large scale local steel production.

At the time, Nigeria consulted with Western experts as well as with themselves on the viability and the economic advantages of large scale steel production. Many Nigerians were aware of the obvious advantages in relation to industrial development and the laying of a foundation for technological growth. However, the experts thought differently.

Inspite of this early discouraging assessment of the potential of Nigeria as a major steel producer, proposals were received, some for small plants of the order of 100,000 tonnes per annum and others for medium capacity plants up to 300,000 tonnes per annum. One outcome of the review of these proposals in *national thinking* was a tendency towards introversion leading to the decision *to begin firstly to prove* Nigeria's iron ore and coal deposits. The time was now in the middle sixties.

GEOLOGICAL INVESTIGATIONS

Iron ore deposits of unknown reserves and quality were *already known* to exist in Nigeria at such places as Udi, Enugu and Agbaja. Tests on samples from these deposits had shown that the ores were in general of relatively poor quality, particularly on account of the low iron content (47.5%) and very high ratio of gangue. It ws *clear that a full scale and* intensive nationwide survey covering all potential raw *material sources* for iron and steel manufacture was required. An agreement on technical and economic cooperation signed between the Nigerian Government and that of the Soviet Union was sufficient to cover for this requirement. Soviet experts arrived in Nigeria in *1967* and conducted a feasibility study which confirmed that iron ore then found in Nigeria was of *low quality*. Geological services were then suggested for extensive exploration for iron ore and coking coal. Work started in 1968. Between 1968 and 1970, work progressed rather slowly on account of discouraging results. To speed up progress, the Nigerian Government sent a delegation to Moscow in June 1970 to discuss the slow progress of work. The result was an agreement signed in November 1970 in Lagos between the Nigerian Government and Techno-*export, a* Corporation of the Soviet Government. Under this agreement, the active participation of Nigerian personnel in the geological survey was re-emphasized and the Soviet Government was to provide the key specialists as well as equipment.

The main achievement of the survey that followed was the discovery of Itakpe iron ore deposits in Kwara State and consequently, the siting of Nigeria's first blast *furnace steel plant* at Ajaokuta as well as the establishment of the Nigerian Steel Development Authority (NSDA), as an organisation charged with the responsibility for all matters related to the manufacture of iron and steel in Nigeria.

THE STEEL INDUSTRY IS BORN

The creation of NSDA in 1971 can be considered as synonymous with the laying of the foundation stone for large scale steel production in Nigeria. Initially, the NSDA operations focussed attention on the implementation of extensive geological surveys for raw *materials for the steel* industry. Additionally, staff were recruited and the *training* of these *staff* commenced at various steel plants in India and the Soviet Union. Studies were also conducted oo the historical and future consumption pattern for steel products in Nigeria and on the delimitation of the product mix required for the envisaged steel projects. The study showed among other things that Nigeria *would be consuming* crude steel in the order of 3.5 million tonnes in 1980.

During the period of the Third National Development Plan (1975-1980), the time was ripe for decision-making. Funds were considered available particularly from oil revenues. Also, the direct reduction (DR) process had become popular world-wide and several commercial plants were already operating successfully. Additionally, in comparison to the BF route, the DR process had been proven to require less capital investment and construction time as well as a relatively lower operating cost and a *higher return on investment*.

The initial decision was then made and two Direct Reduction-Electric Arc Furnace Steel Plants were envisaged for construction during the period 1975-1980. This was to be in addition to the Ajaokuta Blast Furnace steel project for which *bilateral* agreements had been reached between the Governments of Nigeria and Soviet Union much earlier.

Project promotion work on the direct reduction plants began in 1975 and in October 1977, the contract for the Delta Steel Plant was signed. Simultaneously with this event, Government decided to shelve the execution of the second DR project for economic and technical reasons.

The contract for the execution of the Delta Steel project was awarded to *the Consortium Steel Plant* A/Nigeria (CSA), a conglomerate consisting of West German and Austrian steel makers and equipment and machinery manufacturers. The scope of the agreemeot was for an integrated steel plant consisting of such major productioo units as the lime calcination plant, the pellet plant, the DR plant, the *electric steel making shop*, the continuous casting plant, the rolling mill for light sections and various utility and auxiliary units as well as offsites. All production and service units were to match the contract capacity of the steel melting shop which is rated at 1 million tonnes of liquid steel per annum.

In additional contracts, CSA also accepted responsibility to train Nigerian personnel in various aspects of steel plant operation and administration as well as to provide back-up technical services during the early years of plant operation.

For project monitoring and construction supervision, a separate agreement was reached with the Metallurgical and Engineering Consultants (India) Limited in 1978. Other related contracts signed in 1978 included one with the Midland Ross Corporation of U.S.A. for the Midrex Direct Reduction process licence and another with CONCAST AG of Switzerland for the CONCAST continuous casting process licence.

At this time, the Delta Steel project was under the ministerial supervision of the Federal Ministry of Industries. With the advent of the present Presidential Administration in 1979, a more dynamic approach for the speedy *development* of the steel industry in Nigeria was taken and a separate *Ministry, the Steel Development* Department in the Executive Office of the President, was created. The first Cabinet Minister appointed for the Steel Development Department was Mr Paul Unongo. Mr Unongo's appoiotment lapsed in 1980 and the incumbent Minister, Mallam Mamman Ali Makele took over the helm *of affairs* from September, 1980.

The financial arrange*ments ultimately agreed to* by the Government for the complete execution of the Delta Steel project was two-tiered, partly in equity share capital and partly in long term loans and off-shore credits tied to the Steel Plant. The offshore sources of funds included:

(i) Euro-Consortium loan (Jumbo *Loan*) of DM750 million

(ii) HERMES covered credit for supplies originating from West Germany — DM1.2 billion

(iii) OKB covered credit for supplies originating from Austria — 1 billion Austrian Shillings

Subsequently, an additional export credit amounting to DM200 million was secured to *satisfactorily* complete the project and put it into optimum operation.

All in all, the total financial outlay for the complete implementation of the Delta Steel Plant Phase I, and allied infrastructure is within ₦1.25 billion. This includes the costs of steel township construction, *link roads*, dredging of the river channel, plant harbours, *administration building* and other associated infrastructures, including establishment and development of the Company, training of staff locally and overseas, technical assistance and MECON consultancy fees, *payment of licence fees on* patented processes, and of the complete construction, *supplies, erection and* commissioning of the 1 million tonne integrated steel works.

> "Steel is an important material to national development. It is an essential input for agricultural and indeed every aspect of human activity"
>
> *President Shehu Shagari*

THE DELTA STEEL COMPANY LIMITED

The Delta Steel Company Limited started operations under the name, "Delta Steel Complex" until the Company was incorporated under *the Companies* Act (1968) on 14th November, 1979 with an equity share capital of N220 million, all *allotted* to the Federal Government. The site of the steel plant is between two villages, Ovwian and Aladja in Udu Clan of Ughelli Local Government Area in Bendel State. The plant is located on the south bank of the Warri River, some six kilometres south-west of the industrial town of Warri and over an area of approximately 130 hectares.

The selection of Ovwian-Aladja as the site for the Delta Steel plant took into *consideration* the abundance of natural gas which *forms the major energy* requirement partly for the Midrex Direct Reduction process utilized by the plant, and partly for the generation of electricity which is presently supplied to the Company by the NEPA *Ogorode Power Station*, near Sapele. Added to this is the easy access to the *plant by sea, making it* in effect a Seaport Plant like most other modern steel plants of the world.

Work commenced on this site early in 1978. The Nigerian team on the project at the time was around ten *staff* including the Project Co-ordinator, now the General Manager, Mr Fred *A.Brume*, and some other staff consisting of secondments from the (supervisory) Federal Ministry of Industries and some serving staff of the National Youth Service Corps. By December 1979, the staff strength had increased remarkably to about *110 staff*. A back-up team of MECON consultants were also on site.

It is easy to see that considering the commissioning of the Delta Steel plant today, January 29, 1982, the Company has come a long way. Work is now virtually completed and the plant is under production. *Over 5,000* staff have been recruited and deployed and some *trained both locally* and overseas for those positions requiring the specialised programme. Some 1,335 housing units out of a total of *6,335* are completed and many occupied by staff as well as expatriate contractors and consultants. The NPA-Aladja Warri By-Pass links the plant through a stretch of 17 kilometre dual carriageway system to a *point outside* Warri and on the outskirts of Effurun. Although the plant has its *own captive harbour*, the Warri harbour can also be reached on the NPA-Aladja Expressway By-Pass.

ORGANISATION:

Similar progress has also been achieved in the structuring of the Company organisation. An eight-member Board of the Delta Steel Company Limited was appointed by the President, Alhaji Shehu Shagari in late 1980, and inaugurated by the Minister of Steel Development, Mallam Mamman Ali Makele, on December 23rd, 1980. It has Chief Tunji Arosanyin as Chairman, with Chief T. Ogigbah, Alhaji Yahaya Bawa Jega, Alhaji M.A. Aziz and Chief Goddy Ezekwe as members. Others are Mr Fred A. Brume, General Manager and Chief Executive, the Permanent Secretary for Steel Development Department and the Permanent Secretary, *Ministry of Science* and Technology.

The Chief Executive of the Delta Steel Company is the General Manager who reports to and is a member of the Board of Directors. The General Manager therefore has full responsibilities for the day-to-day running of the plant in terms of production and operations, maintenance, technical services and administration. Reporting to the General Manager are five Deputy General Managers with specific responsibilities in the following sectors:

- Production
- Technical Services
- Administration
- Commercial
- Finance

The Delta Steel Company has its headquarters at Ovwian-Aladja, near Warri in the Bendel State of the Federal Republic of Nigeria. The Company operates Liaison Offices in Lagos, Nigeria and Dusseldorf in Western Germany.

MANPOWER DEVELOPMENT:

Right from *the* planning stage of the Delta Steel Complex, the availability of the right *type* and quantity of trained manpower was seen as a critical prerequisite for the successful *operation of the steel plant*. It was foreseen that the Company would require a workforce of the order of 6,000 in which over 4,500 would be employed in Productioo and other Technical functions and the balance of some 1,500 would cover such non-technical duties as *Administration*, Accounting and Finance and Commercial.

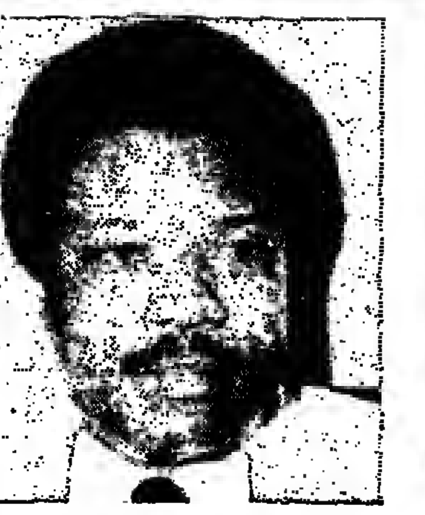
By the end of 1981, the Company had trained a total of 1,350 staff. The *training of technicians and* craftsmen started at the Company's Training Centre *at plant site in April, 1980*. By the end of 1981, the graduates of the training centre numbered 800. Many of these have already been absorbed into the workforce of the Company *for further* in-plant orientation and deployment to Operations or Maintenance.

The Company also operates a Technical Assistance Contract with CSA. This agreement provides for a back-up core of up to 120 experienced European steelmakers in various disciplines to support Nigerian personnel in the process of plant commissioning and initial plant operation for a period of three years.

WHO IS WHO IN NIGERIA'S STEEL INDUSTRY

MALLAM MAMMAN MAKELE
Hon. Minister of Steel Development

CHIEF TUNJI AROSANYIN
Chairman, DSC's Board



MR FRED A. BRUME
DSC's General Manager/Chief Executive

TECHNOLOGY

EDITED BY ALAN CANE

APT could tilt over and disappear from sight

BY LYNTON MCLAIN, TRANSPORT CORRESPONDENT

BRITISH RAIL's 155-miles-an-hour tilting advanced passenger train, as originally conceived, is in danger of a slow death from technical problems and a starvation of technical, financial and managerial resources which may have put essential design changes beyond the reach of the British Railways Board.

This could well prove, if it happens, to be a commercial, as well as a technical, tragedy for BR, for the APT was conceived back in 1967 as its main Inter-City train of the future.

"The high-speed, high-quality rail travel promised by the production versions of the APT with its new ideas in tilt and suspension will preserve and improve the competitive and profitable Inter-City market," BR told the Government in its original request to spend more than £250m on 60 APT train sets.

The train was intended to be the "*standard replacement* stock for prime services in the UK." It was designed to lead to the long-term "progressive improvement of all Inter-City services."

On the west coast main line between Euston, and Glasgow, the tilting trains, able to take curves up to 40 per cent faster than conventional trains, would cut journey times by between 13 per cent and 20 per cent for almost 16m annual rail users on one of Britain's busiest travel rontes.

These were the promises. The train, however, has been under conceptual and practical development for 15 years. Target dates for the start of passenger service have slipped time and again, and it was a full decade from the formal go-ahead for the project in 1969 by Mr Bill (later Sir Henry) Johnson, the chairman of BR in 1969, before the prototype train started its first tentative experimental runs in June 1979.

Sir Henry was nothing if not a prophetic realist. He said in March 1969, the year of the go-ahead, that: "If the APT does not prove itself in four, five or six years (by 1975) we cannot stand still and must go on improving track and trains on orthodox lines."

The tragedy of the APT project is that this is precisely what BR is now doing. A conventional electric locomotive, powerful enough to take trains on the west coast main line in place of the APT if necessary, is already on the drawing board, while BR persists with ever-more complex design changes with the APT in the hope that it will all come right in the end.

The APT has been plagued by technical troubles, by lack of human and financial resources and by a noted lack of urgency on the part of BR management to make sure that its main train of the future met its targets, made its contribution to the viability of Inter-City and showed the world, including export markets, what sound British management and technical brilliance could do — when it tried.

The train has a range of novel technical features, but many have been under-developed or are simply redundant for the roles and performance now expected of the train by BR.

The tilt mechanism is the most novel mechanical feature of the train. It has also caused the most trouble. Each train vehicle tilts independently to 9 degrees under a closed-loop electro-hydraulic system. The aim of the designers was to gain a fast response time without subjecting passengers or the train to unacceptable instability.

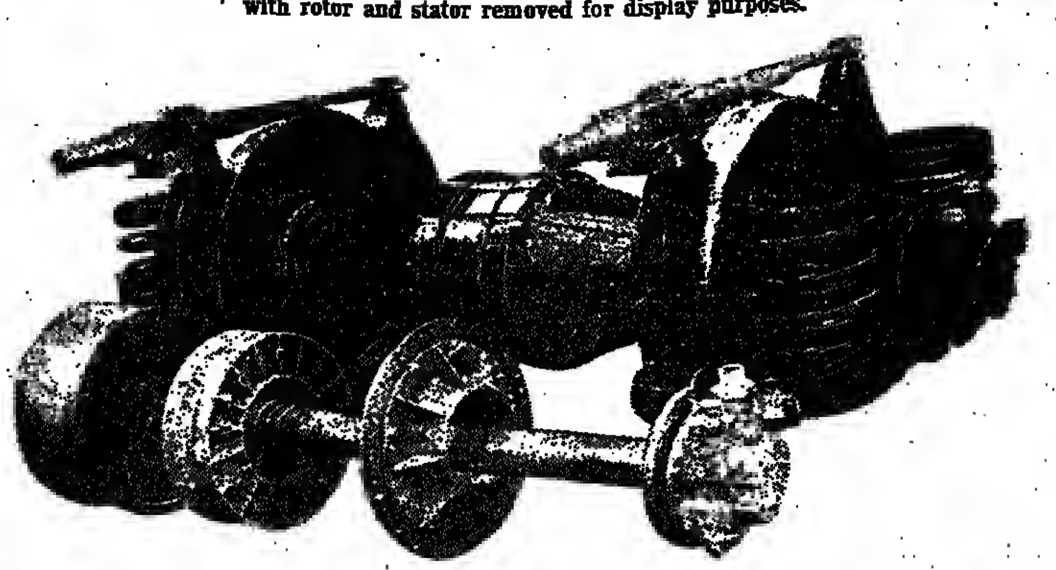
Three changes to the design of the tilt have been made to get the performance to an acceptable level. On the original prototype the accelerometer, which responds to change in acceleration (when the train enters a curve) was mounted on the tilting *bolster* within the wheel bogie.

This resulted in sluggish tilting, because the response time was not fast enough for the train to tilt as it approached a curve. A faster response time, however, would make the train unstable.

The Mark II version of the tilt mechanism aimed to improve performance and a second loop was added to the control system. This still failed to solve the fundamental problem of lags in the feedback function of the main control loop and the resultant stability margins were still inadequate for acceptable tilt response rates.

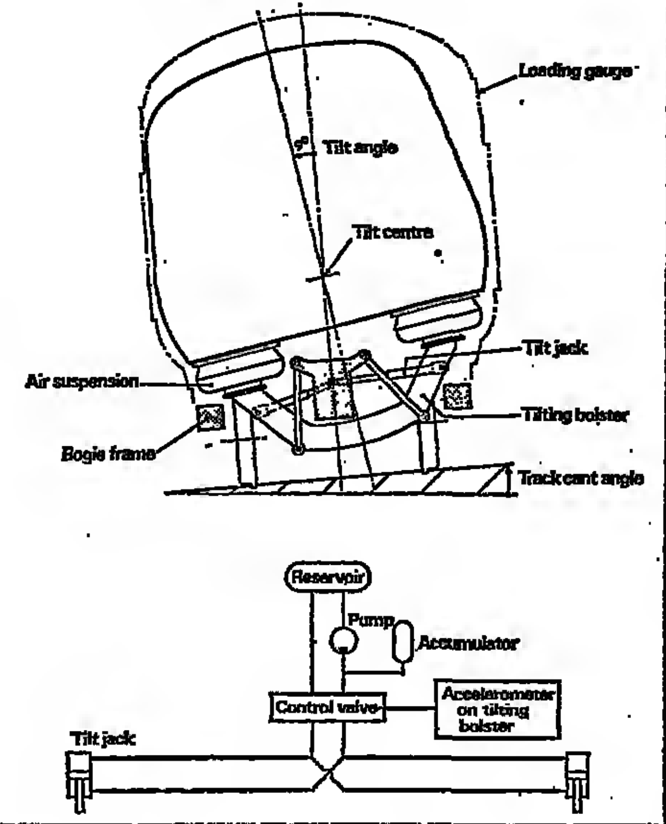
With the Mark III tilt system, the accelerometer for each vehicle was fitted on the leading bogie of the vehicle in front. This gave a half second of anticipation of an approaching curve and as a result of the change the system responded to give exceptionally close matching between the actual tilt and the ideal tilt for a particular curve.

However, the improvements were not gained without a penalty and the chances of a "hard-over" nine degree tilt failure were increased.



The Advanced Passenger Train, and (below) the hydrokinetic brake of the APT trailer car with rotor and stator removed for display purposes.

How the APT tilts



Omega's mobile scorer

A GIANT mobile matrix scoreboard able to screen sports events was inaugurated at the Alpine Ski World Championships at Schladming, Austria, on January 27.

Developed by the Swiss watch and sports time-keeping company Omega Louis Brandt and Frère SA, of Bienne, the screen reproduces numbers, texts, diagrams, still or moving pictures, 16 mm films and live or replay TV broadcasts on a surface of more than 37 square metres.

Apart from providing scores and other messages, the system will enable on-the-spot spectators to follow the progress of each contestant from start to finish.

The scoreboard uses 12,800 lights, whose luminous intensity produces 16 different light tones similar to those of television.

Apart from a link-up for direct reproduction of TV films, the unit is fitted with an independant field camera, a video cassette recorder for publicity spots and an audio output for the independent emission of sound messages.

JOHN WICKS

Walmore toroids

METALLIC glass toroids developed from amorphous alloy technology are now available in the UK from Walmore Electronics (01-836 1228). Arnoglass 1, has been developed by the Arnold Engineering Company of Marengo, Illinois, and exhibits a high saturation of 1.55 Tesla comparable with 50 per cent Ni-Fe alloys and 3 per cent grain oriented silicon steels.

The cores, says Walmore, have lower coercive force and extremely high resistivity.

(A toroid or torus is a coil or transformer which corresponds in shape to an anchor ring. It was adopted because of the ease of making windings exactly balanced to the circuit in which they are inserted and to earth.)

Full technical details from John Ryder at Walmore Electronics.

Link—new trend in simulator electronics

BY GEOFFREY CHARLISH

LINK MILES of Lancing in Sussex, which employs 1,000 people and turns over about £25m annually, has recently revealed basic flight simulator electronics that confirm a new trend—totally distributed computing.

The company claims to be the first to use no central processor at all and believes this approach will become the norm within a year or two.

According to Jack Davis, managing director of the Link Miles division of the U.S. Singer company, the world market for flight simulators is likely to exceed $1.25bn by 1985.

It is shared by Singer with at least five other contenders—Rediffusion (the only completely British owned company in the business), Thompson CSF in France, Canadian Aviation Electronics, GE (USA) and McDonnell Douglas.

The market grows as more and more operators of aircraft, ships, and military systems perceive the costs that can be saved in training by using a simulator rather than the real thing. Risks to life and craft are reduced at the same time.

Main groups

However, the simulators themselves are far from cheap, so that all the makers are looking for ways of keeping their (and the users') costs down while improving performance.

What basically happens in the new Link Miles system is that instead of running programs for flight performance, engines, radio systems, navigational aids and auxiliary systems sequentially in a central mainframe computer, a microprocessor has been used for each of the main groups of functions.

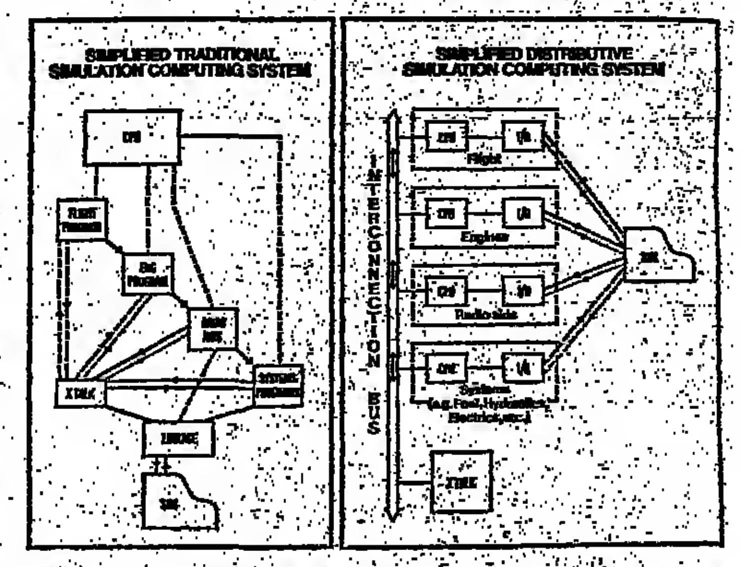
In all, four Intel 8086s are employed, all running in parallel. The necessary communication between them is over a high speed "bus."

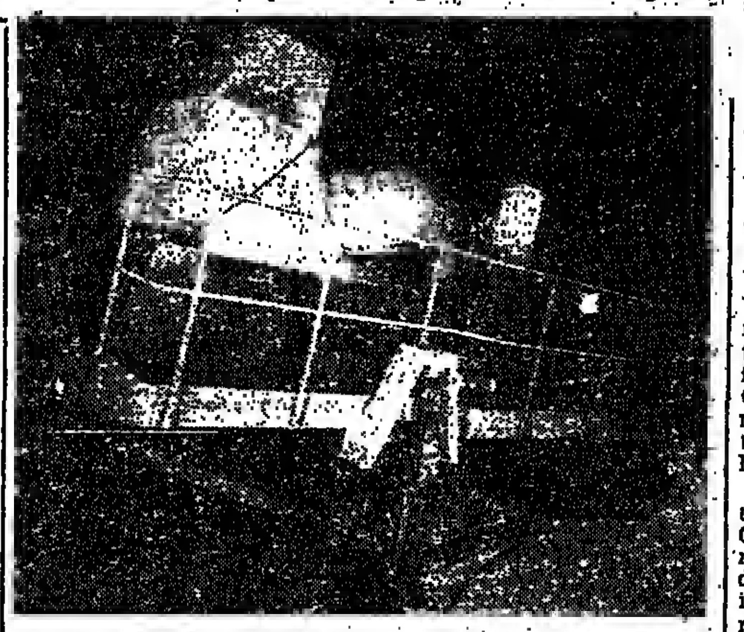
One outcome is that by physically distributing the computers around the platform, all can be housed "on board" and cabling is simplified. It is also claimed that initial programming and testing is simplified.

Operating costs are reduced, says Singer, because standard printed boards are used from reduced holdings of spares and there is no dependence on the service staff of any computer company.

The company calls its new system Image 2. It is a dusk/night equipment using penetration cathode ray tubes mounted to give collimated images at infinity. It will meet the needs of FAA Phase 2 (transition from one aircraft to another entirely by simulator).

In about a year's time the company will make available a version to meet Phase 3 (initial training only on a simulator). This will use shadowmask tubes and will be able to reproduce coloured daylight as well as dusk and night time scenes. More on 09062 5881.





The Link instructor's station of the world's first flight simulator to employ a microprocessor-based computational system instead of main-frame computers.

Swiss accuracy for barometer

A PRECISION barometer with accuracy of plus or minus 1 mbar has been developed by the Swiss company Revue Thommen AG, CH-4437 Waldenburg. The measuring range has been extended to 1,050 mbar with no loss of resolution, the needle executing four revolutions, instead of three, to cover the whole length of the scale. The barometer can be used at altitudes of up to 11,500 ft.

Punching and nibbling machine available in UK

W. A. WHITNEY ITALIA, the manufacturing subsidiary of the Whitney Corporation, Rockford, Illinois, is making its 626 CNC hydraulic punching and nibbling machine available in the UK through AMCS of Midhurst, Sussex.

Standard equipment includes the Westinghouse Producer CNC system with substantial memory capacity and manual data input facilities. The punching head has a nominal force rating of 20 tonnes.

Workpiece capacity is 1,000 x 1,500mm on the X and Y axes, although programmed repositioning of the work clamps can increase the Y axis capacity to 2,000mm.

A bit rate of 65 strokes per minute is possible at 25mm centrea and plate up to 12mm thick can be handled.

The CNC system allows for a minimum programmed increment of 0.025mm with positional accuracy within plus or minus 0.15mm.

Using concave shear tooling, effective punching capacity can be doubled so that holes up to 200 mm diameter can be produced in 4 mm thick mild steel sheet and 30 mm diameter in 12 mm plate.

Manual

If required, the machine can be supplied as a simple manual punching press without CNC, as a gauging press or in the form of a duplicator.

In its CNC form it eliminates templates and will store data for repeats. Set up time, it is claimed, can be less than five minutes.

Full details of this and other machines available from AMCS, write to PO Box 6, Midhurst, West Sussex or (073-081-4519).

MAX COMMANDER

Offices and shops are proving more resilient to the recession than industry, particularly in the West Midlands where cutbacks in car and dependent engineering plants have contributed to a rise in available industrial floorspace

Waiting for the upturn

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

HOPE TEMPERED with caution is the prevailing mood in the West Midlands property market at the start of 1982. The faint glimmers suggesting possible improvements in the UK economy as a whole have begun to encourage developers and estate agents to talk about stronger demand becoming apparent.

The experience of the past two years remains a strong tempering influence, however, with industry—the developers' potential clients—still far from sure that the long-awaited and much-delayed upturn is yet in sight.

The background to both points of view is a doubling and redoubling of empty warehouse and factory space in the West Midlands in the past two years. There is now more than 23m sq ft of vacant accommodation according to the latest survey of industrial floorspace by King and Co, the estate agents.

The office sector has not suffered so severely by company reorganisations bat seen staffs cut and the disbanding of expensive head office operations. In Leicester, the city so popular with developers in the last boom, tenants can pick up modern premises at £1 a square foot and perhaps negotiate a rent-free period as well.

Retailing, too, is increasingly feeling the effects of recession with shopkeepers squeezed between the falling spending power of the customer and the rising cost of rent, rates, energy and labour.

Permanent

Mr Chris Wallike, chairman of the West Midlands region of the Confederation of British Industry, argues that the talk from Westminster and Whitehall about an improvement is premature. "Businessmen in this region will believe it when they see it—when their orders start to improve."

Many companies accept that much of the capacity shed over the past two years will never return—that the cutback in the vehicles industry and dependent sectors was permanent. One of the reasons for scepticism by industrialists as they look at order schedules is that they cannot be sure whether an apparent improvement reflects temporary restocking, improved market share because a competitor has gone out of business, or a real upturn.

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While few businessmen expect this year to be worse than last the pattern of redundancies and rationalisation is expected to continue, albeit at a reduced pace. The problems of the West Midlands with its concentration on the engineering and metal bashing industries has attracted national attention. But even the East Midlands with its diversified economy has not escaped recession. Unemployment there has doubled to 10.6 per cent in two years.

Mr Patrick Radford, chairman of the East Midlands region of the CBI, says: "On the whole we can see unemployment continuing to rise for some time, but at a slower rate."

There were one or two areas of industry in the East Midlands that appeared to be brighter but there was still pessimism in sectors such as construction, heavy engineering and the capital goods industries, he noted.

The fact that further rationalisation of industry is expected and that the investment taking place is to raise efficiency and productivity rather than expand capacity has implications for the property market. The trend, so apparent over the past 12 months, is likely to continue with the older outdated properties coming on to the market while demand remains fairly good for prime sites and smaller units.

The survey by King and Company indicates a reduction from four months earlier of the amount of vacant factory space—down by more than 700,000 sq ft to 14.46m sq ft in the West Midlands and by 238,000 sq ft to 3.54m in the east of the region.

Agents are sceptical, however, about whether the change yet marks the start of an improving trend. Some of the older property might have been withdrawn from the market as the price is so low. There have nevertheless been some significant deals recently involving second hand property.

Rentals, in spite of the depth and duration of recession, have remained fairly steady, although top sites and smaller units continue to command a premium. The real indication of the downturn is the time it now takes to dispose of accommodation and the number of concessions, such as rent free periods, that are on offer.

With so much property on the market to be absorbed, little prospect of an improvement in rents and high interest costs, development continues at a very low level. The volume of new premises under construction has almost halved in the past four months to 615,000 sq ft in the West Midlands and 315,000 sq ft in the east.

Rental growth

Developers are in a much stronger financial position than in the property slump of the mid-1970s and are waiting and preparing for the upturn. Well-located sites will be assembled and serviced.

The office sector has proved much more resilient and though space available has tended to increase there has also been some rental growth, particularly central Birmingham, and Edgbaston.

In the East Midlands, Leicester has still to soak up the excess space caused by the office building boom of the early 1970s. Rentals in the New Walk professional area have hardened but elsewhere in the city there has been little improvement for five or six years.

Derby suffers from the same problem of oversupply, prompted by its attempt to raise office content in the town. The picture is healthier in Nottingham where vacant space tends to be in smaller units and rents have edged up towards the £4 a sq ft mark.

Northampton benefiting from its rapid expansion, has enjoyed a good year for lettings with rentals rising and some new development underway.

In the West Midlands in general the recession has made the market difficult with buyers usually having a good choice of accommodation. But in central Birmingham the situation is more balanced and rents have moved up significantly.

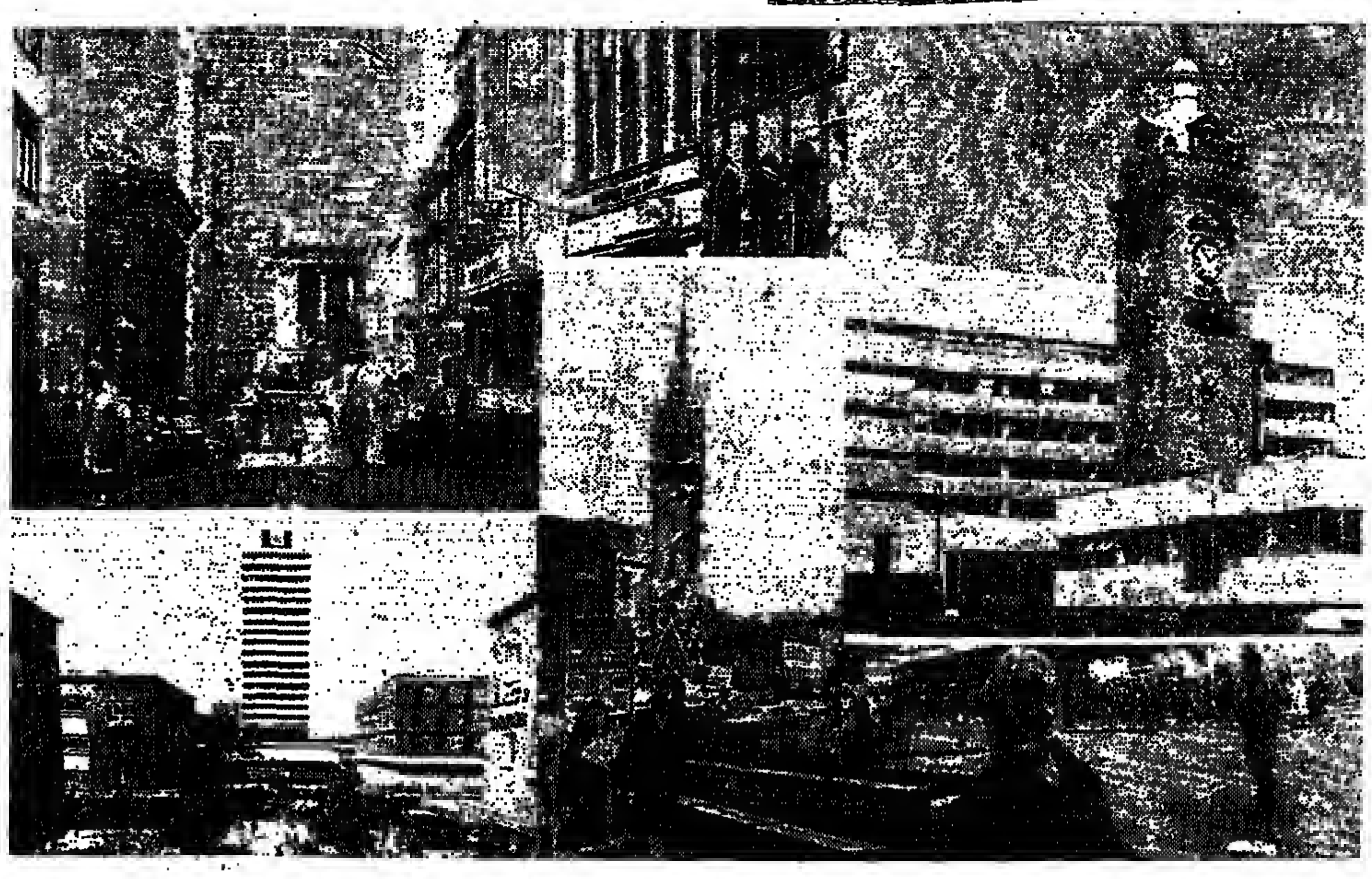
Estate agents point out that with only two new buildings of any size due for completion in the next 12 months demand could run ahead of supply. Developers are watching carefully, and appear anxious to gain prior commitment from tenants. Tarmac Properties has given the lead with the announcement of a £14m project for a 120,000 sq ft office block due to start in March. Any of a further four major projects could start this year.

Edgbaston also continues to enjoy a growth in rentals which for prime properties have already broken the £6 a sq ft mark. There is more space available than 12 months ago but it tends to be the speculative 1960s office block probably in need of refurbishment.

Edbaston illustrates quite clearly the effect of company reorganisations upon the property market. The district, some two miles from the city centre, has tended to attract company headquarters which prove vulnerable in times of recession. As firms slim or close operations there tends to be movement in Edbaston. The troubled Duport group, for example, sold the sub-lease of its 13,000 sq ft head office in Hagley Road.

By contrast, in the area of the city centre favoured by the financial and professional community, demand has been fairly constant.

Solihull, with its attractive services and good road, rail and air communications, continues to increase in importance as an office centre. A recent letting is thought to have broken the £6 a sq ft mark.



The changing faces of city centres in the Midlands. Birmingham (top, left), Nottingham (top, right), Coventry (above, left) and Leicester

Prime sites still in demand

BY OUR MIDLANDS CORRESPONDENT

INDUSTRIAL RENTALS may be flat and the special offers on the increase — one developer on a trading estate at Lye, Stourbridge, is offering a brand new Metro car, taxed and delivered free, to attract a tenant—but estate agents take encouragement from the fact that deals are being done and lettings taking place.

Grimley and Son report that factory and warehouse space sold or let in 1981, at 1.76m sq ft was more than 50 per cent higher than the previous year. It has to be noted however that annual disposals in the pre-recession period of the late 1970s were running at about 2m sq ft.

Mr Robert Macey, Grimley's industrial agency partner, expresses confidence that this year should see a further improvement in disposals and a continuing upward trend in the number of inquiries.

Rents for modern well-located accommodation remain about £2 to £8.35 a sq ft but if prime sites and nursery units have achieved £2.50, rents for modern factories in secondary locations average £1.60.

The big shakeout of industry in the region has brought not only a flood of vacant space onto the market—much of it delapidated and with little rental value—but also large tracts of land suitable for development.

Grimley maintains there is a continuing dearth of prime sites but suggests these may become available with the further rationalisation of industry.

The agents report that in general the value of land has remained static compared with the previous year but good industrial development sites in the Birmingham area are commanding prices around £90,000 to £110,000 an acre.

In the Black Country prices are much lower at between £40,000 and £60,000 an acre according to location and acreage. Small plots of below one acre predictably claim a premium price, perhaps 25 per cent higher.

There have been significant freehold sales in recent months of older factory premises but these reflect a more realistic pricing policy. Prices have dropped particularly over the last nine months, sometime to a level that represents little more than land value.

Perhaps only one third of the roughly 24m sq ft factory and warehouse space now on the market is modern accommodation of up to 25 years old. King and Co., the agents, point out that the big climb in space available has been caused in part by large units coming onto the market which are old and with little relevance to modern industrial purposes. "In many cases these factories were originally built for specific space users whose industries have now fallen on hard times, or the traditional markets for these industries have disappeared with the emergence of strong competitive industrial growth in other countries," the agents say.

The one sector of the industrial market that has remained fairly healthy in the face of recession is accommodation up to 3,000 sq ft. Demand for nursery units has held up well. Private developers have been active. Local authorities have also shown a greater involvement in order to create the climate in which new enterprises can start up and create jobs for the future.

As the various public bodies vie with each other in the scramble for new jobs it is certainly a buyers' market. In addition to the new towns of Telford and Redditch there is now the Dudley enterprise zone. The West Midlands County Council is also pitching in with the creation of a Midlands enterprise board charged with pump-priming the local economy in order to regenerate industry and create employment.

Industrialists, during what has been a traumatic period of rationalisation, are also examining how best to make use of land and buildings.

A good example is provided by the Glynwed group which, through Crackley, its property development company, is developing an eight acre site in Nechells. Crackley acquired the freehold from the local authority and half of the site will provide a divisional office and distribution centre for a large Glynwed subsidiary, MBS Fastenings and Bearings which will then vacate its present headquarters in Bordsley Green before the sale. Crackley will develop the remaining four acres in Nechells to provide 100,000 sq ft of industrial and warehouse units.

WEST MIDLANDS INDUSTRIAL PROPERTY

PROPERTY IN THE MIDLANDS II

Two Midlands building groups have managed to continue expanding by their shrewd diversification of property projects

An eye for good sites pays off

WHEN HE WAS in the sixth form at his grammar school David Wilson recalls he wanted to be a dentist. "But then I thought I just couldn't stand still that long." Against the headmaster's and everyone else's advice he entered the School of Building and Architecture at Leicester. After leaving, he joined the family building business and demonstrated his inability to stand still by expanding and diversifying a ten-man business within 20 years into one of the top 50 house builders employing more than 500 including those engaged on industrial developments. He is now just 40.

Mr A. H. Wilson, David's father, was a jobbing builder in Ibstock, and his name is perpetuated in the name of the company, the A. H. Wilson group, which has remained a private enterprise. In the first week after leaving the school of building Mr Wilson senior suffered his first thrombosis and David found himself at the age of 20 running the business. "I could hold my own as a quantity surveyor and on the drawing board, but was obviously short on experience, though of course one cannot help learning quite a lot living with the business," David says. The sudden assumption of responsibility—his father never worked regularly again and gave him pretty well a free rein—stood him in good stead later on.

While his father was still active one of the first things David did was to make the public more conscious of the Wilson business by making some boards on which to display its purpose and attractions. Unfortunately he was not so good a carpenter as his father and all but cut off his left thumb. This was

A. H. WILSON

permanently damaged and ended his rugger days. The idea nevertheless reflected a strong interest in marketing which David has since developed alongside more technical aspects of the business.

Besides the more usual incentives to clients to move in quickly, David Wilson offers an unusually wide range of practical items as gifts or discount "extras" from door chimes to fireplaces and furniture. And the design is sufficiently original for many house agents to offer them for resale as "Wilson built" houses. Although now chairman of the group, David Wilson continues to take a personal interest in the way

Mr David Wilson, chairman of A. H. Wilson group

a kitchen works for a housewife. "I won't build homes by numbers," he declares, and while he has built small council estates, the private house work is aimed at people trading up.

It was nearly ten years before the business moved into industrial building with two 10,000-sq-ft units. These looked as though they were to be an aberration, for no more were built until 1975. "I looked back on those two units, which had nearly doubled in price, and asked why we had built them for other people to benefit, and I began to consider building up our own portfolio."

The decision to embrace industrial building wholeheartedly brought the group to an active period of expansion which has since been maintained, and to a new member of the group, Wilson Industrial Estates. This is now concerned with estates at Ashby-de-la-Zouch, Blaby and Charter Street, Leicester, Nuneaton and Loughborough. The latter, of 25 acres, was then the largest, with units going up to 50,000 sq ft. Most of them, following the market trend established some three years ago for smaller, nursery-type units, are of around 2,500 sq ft capable of being doubled or trebled, although others, like the £1.2m bottle store for Whitbread East Pennines, are to customer's requirements.

Where the group can afford or is able to, properties are retained; otherwise they are sold to clients or to pension funds and other institutions. Already the industrial side is matching the house building and looks set to take the lead, for three new sites have been acquired totalling some 3m sq ft.

The rapidity of the growth of the section helps to explain the steadily increasing turnover of the group, up from £4.6m in 1975 to about £16.5m for 1981, including Bowden Park Holdings, an associated company owned by Mr David Wilson which had a turnover of some £1.5m, and which now has a rent roll of around £300,000.

David is the first to admit that luck, as well as shrewdness and experience, plays its part, particularly in being at the right place at the right time and knowing the right people to be able to acquire good sites with good communications. He is also careful to see that a good supply of labour, like that around some of the dying Midland coalfields is readily available.

He also helps to create opportunities, not merely for himself. When, for instance, the industrial building allowance of 100 per cent tax relief on industrial units up to 2,500 sq ft was in draft form he pointed out to the appropriate authorities that if, as originally intended, it was limited to new premises it would decisively make existing units unmarketable. He was the only practical builder at that meeting, the two others representing the industry being there to argue tax points. The IBA was amended.

Nor is a sense of humour lacking. Although a considerable builder, building some 400 houses annually, David Wilson Homes is not so big as to avoid a friendly image. Its publicity features a poodle with the proverbial slippers in its mouth. That is on the first page. The last shows the same poodle, very small, cocking a snoot, if that is the canine way of describing it, at a very large tree. There are no prizes for guessing whose tree it looks like.

Peter Cartwright

Mr Brian Pellard, regional director of Tarmac Construction (left), and Mr Steve Reeves, surveyor, of Tarmac Properties with a model of the £14m building which will provide about 120,000 sq ft of offices on the important Victoria Square site in Birmingham

Hoping for a ripple effect as new blocks push up rents

BY ARTHUR SMITH

THE MARKET for offices in the West Midlands has remained remarkably resilient given the extent and depth of the recession. Deals have continued to be done and rentals have edged upwards but the timing and scale of new building is very much in the balance as developers wait and watch for a sustained improvement in the national economy. For large projects developers will be looking for advance commitment by clients to a substantial proportion of the space before giving the go-ahead.

Estate agents, Elliott Son and Boyton, point out that although there is around 1.7m sq ft of space available the figure distorts the true state of the market. In certain locations, notably central Birmingham, there is an acute shortage of prime space.

The agents suggest that with only two new buildings of any consequence coming onto the market in the near future the imbalance between demand and accommodation of the right quality will become more acute. Berwick House, a 59,000 sq ft development by Ulster Properties on the corner of Great Charles Street and Livery Street, is expected to be ready by the early summer. A rent of about £6.50 a sq ft is likely to be sought for the prestige seven storey building.

Civic House, due for completion before the end of the year is an 80,000 sq ft project by Norwich Union at the corner of Great Charles Street and Summer Row. Mr Tony Ramsden, of Edwards Bigwood Bewlay, suggests that the higher rents likely to be achieved by those two blocks will have "a ripple effect." That, combined with rent reviews, would continue the upward pressure on rentals.

Birmingham's prime office area bounded by Colmore Row, New Street and Corporation Street, has retained its attraction for the banks and finance houses and commands rents of £7 a sq ft. Agents looking to new developments in the central area point out that it takes on average 18 months

WEST MIDLANDS OFFICE PROPERTY

from moving on site to availability. Any one of four or five major projects are seen as possibles to get underway this year.

Tarmac Properties has announced a £14m scheme to start in March. Some 120,000 sq ft will be provided on an important site opposite Birmingham Town Hall. Completion is due in autumn, 1984.

Rank City Wall is keeping an open mind on whether or not to press ahead this year with Compass House, a 17 storey office block with an adjoining smaller block providing around 120,000 sq ft in Navigation Street, a short distance from New Street station.

The developer acknowledges there is around 200,000 sq ft but believes there is nothing really suitable for a large tenant such as a national headquarters relocating to the Midlands. Rank Wall, rather than building on a purely speculative basis, is looking for a firm commitment from a prospective tenant.

Detailed planning permission was granted late last year for 342,000 sq ft of offices on the 6¼ acre site of the old Snow Hill station owned 80 per cent by the British Rail Property Board with the rest held by Birmingham City Council. A planning brief is now being drawn up for the rest of the site which will include a new rail station, residential, leisure and commercial accommodation.

Another major project which includes around 98,000 sq ft of offices in the first phase is completion of the Paradise Circus development. Heron Corporation which won the scheme put out to tender by the Birmingham City Council has still to submit a detailed application for the phased development which involves more than 200,000 sq ft of offices, a 200-bedroom hotel, shops, leisure and conference facilities.

Rentals have continued to advance at Edgbaston even though with around 200,000 sq ft at present available there is much more space on the market than 12 months ago. The market tends to fall into three broad categories with rents for the prime accommodation — often period buildings — already moving beyond the £6 a sq ft barrier. Modern offices are available, however, at between £3 and £5 a sq ft. The blocks that went up in the 1960s will be at the bottom of the range and may be difficult to re-let without major refurbishment.

Catering for top quality tastes

BY LORNE BARLING

THOSE WHO take a pessimistic view of the West Midlands property market can take comfort from the recent activities of Mr Ron Shuck, chairman and chief executive of the recently floated Midlands-based property group Espley-Tyas. Under his direction, the company has initiated a number of major property projects in the area, most of which will come to fruition in two to three years time, a period in which Mr Shuck believes there will be a strong revival in demand for high quality office and industrial space.

"We are now in the trough of a recession and the likelihood is that a peak will be reached in about 2½ years' time. Although there is a lot of redundant factory space around in the Midlands, it is ill-suited to modern production, and companies will be wanting modern premises," he said.

The company is soon starting work on the first phase of a 330,000 sq ft warehouse and industrial development on 17.7 acres at Cranmore, Solihull, which is being funded by institutions and will complete in about three years, at a cost of more than £11m.

Espley-Tyas has also acquired a major site at Junction 1 of the M5, on which the 160,000 sq ft Smith-Corona factory stands. Mr Shuck is in favour of demolishing this and redeveloping the site, although refurbishment is also being considered.

ESPLEY-TYAS

Mr Shuck believes that there will always be a strong market in the Midlands for good quality property, both office and industrial, if it is in the right location.

Espley-Tyas has recently acquired the long leasehold of a site in Edmund Street, Birmingham, which is being refurbished to provide 86,000 sq ft of net lettable space on the edge of the city's prime banking area. The cost of this venture will be about £10m.

Other projects in the West Midlands include a £400,000 industrial development in West Bromwich, a £530,000 shopping parade scheme in Stourbridge, and residential flats being built in Edgbaston, Birmingham, at a cost of about £750,000. The completed value of these, plus two other undertakings outside the Midlands, is estimated at about £11m.

Mr Shuck said that the company had consciously selected the areas of the country in which it was active, limiting its exposure in each. It was also aiming at fast growth as a result of various local factors.

The company has been organised in such a way that four main subsidiaries, Espley-Tyas Construction, Manston Developments, Manston Construction, and Espley-Tyas Overseas, are controlled by the holding company Espley-Tyas Property Group.

Group turnover on construction is now running at about £50m a year, of which two-thirds is on external contracts, such as building factories for owner-occupiers, while the remaining third is on company projects.

These include development of part of the major Belle Vue site in Manchester, where planning consent has been granted for 400,000 sq ft of industrial space and 68,000 sq ft of retail, to serve 22 acres of residential development on land sold to Wimpey.

Development of the first phase of a 245-acre site at Wakefield is also under way, with the first units completed and occupied, and in Bristol a 2.3-acre site has been acquired for the construction of 191,000 sq ft of offices and 40 flats at a cost of around £15m. The company has also acquired a key development site in Cardiff.

Overseas, Espley-Tyas has projects in Montreal, Dallas, Atlantic City, and Princeton, New Jersey, while in Europe its main interests are in Belgium, one of which is a shopping centre being constructed in agreement with C and A stores.

One of Mr Shuck's closest interests is the changing pattern of demand for industrial space. His company is now building a 340,000 sq ft factory for Systime in Leeds, which is modern in concept and due to be completed in a total of 12 months from outset.

"There is now an increasing tendency for companies to want their factory and office together, with about 20 per cent of the building made up of offices, a higher proportion than previously," he said.

The company is now

Mr Ron Shuck, chairman and chief executive of Espley-Tyas

looking at some of the many vacant sites now available in the Midlands, although Mr Shuck believes the vendors are often over-valuing existing buildings which will probably have to be demolished. Some of the very large sites will be difficult to sell, he believes, without some "political intervention."

Although Espley-Tyas's UK activities centred on the Midlands are now expanding most rapidly, Mr Shuck expects the company's overseas activities to contribute around 50 per cent of turnover within five years.

This increase in overseas activities is designed to minimise exposure in any one area, according to Mr Shuck, while the company has a retained portfolio of property, mostly in the Midlands, valued at around £10m.

Building boom yet to be digested

BY OUR MIDLANDS CORRESPONDENT

IN LEICESTER, still suffering from the speculative office building boom of the early 1970s, there is about 500,000 sq ft of space available. Modern accommodation can be picked up at only £1 a square foot.

The prime New Walk professional area of the city has achieved rentals of around £3 a square foot but a level of about £2.50 to £2.60 is more normal. That represents something of an improvement on 12 months ago and compares with £1.50 as long ago as 1973. In other parts of the city rents have hardly moved since the early 1970s.

City Centre accommodation is on offer at around £1.30 to £1.50 a square foot but parking space may be limited. Offices on the ring road are down to £1 a square foot and even then tenants may be able to negotiate special deals to bring the cost down further.

Nottingham, though the regional capital, did not suffer the same upsurge of new building. Rentals have moved upward slightly over the past 18 months towards the £4 a square foot mark. Much of the property on the market tends to be in individual suites and smaller blocks. The main block at present available is City Gate with some 24,000 sq ft.

Mr Nigel Griffiths of the agents Cavanagh, William H. Brown, says there has been no new development for three to four years and rents would need to move ahead much more quickly to attract schemes. "Don't forget Leicester is only just down the road with stuff at £1 a square foot," he adds.

Derby, like Leicester, still carries the excess office space that marks the optimism of the previous property boom. Of three office blocks, each of more than 100,000 sq ft, prompted by the upturn two remain substantially unlet. Eastgate House, Nottingham Road, was the most successful project, but around 14,000 sq ft is still available at just under £2 a square foot.

Suites from 600 sq ft upwards are being offered in St Peters House, Gower Street, where 70,000 sq ft remains vacant. Tenants seeking only 250 sq ft will be accepted in Heritage Gate, Friar Gate, where only 3,500 sq ft has so far been let.

EAST MIDLANDS OFFICE PROPERTY

Against that background, rents have remained steady for the past four years and there is no prospect of new development, says Mr Stephen Salloway of estate agents Frank Innes.

Northampton, scheduled for expansion as a new town, provides a contrast. Wilson and Partners, the estate agents, report a good uptake of property and a rise in rents of around 15 per cent over the past 12 months.

During 1981 some 261,000 sq ft was let but the big boost to the town was the decision by the Lummus Company to take 158,000 sq ft in Greyfriars House which had stood empty for several years.

Wilson and Partners report that the best quality accommodation offered in units of 2,500 to 3,000 sq ft will achieve rents of around £4 a square foot. But rentals well above that—perhaps £5.50—will be sought on new developments.

The agents said that around 75,000 sq ft in blocks of 13,000 to 21,000 sq ft, is under construction or about to start in the next two to three months.

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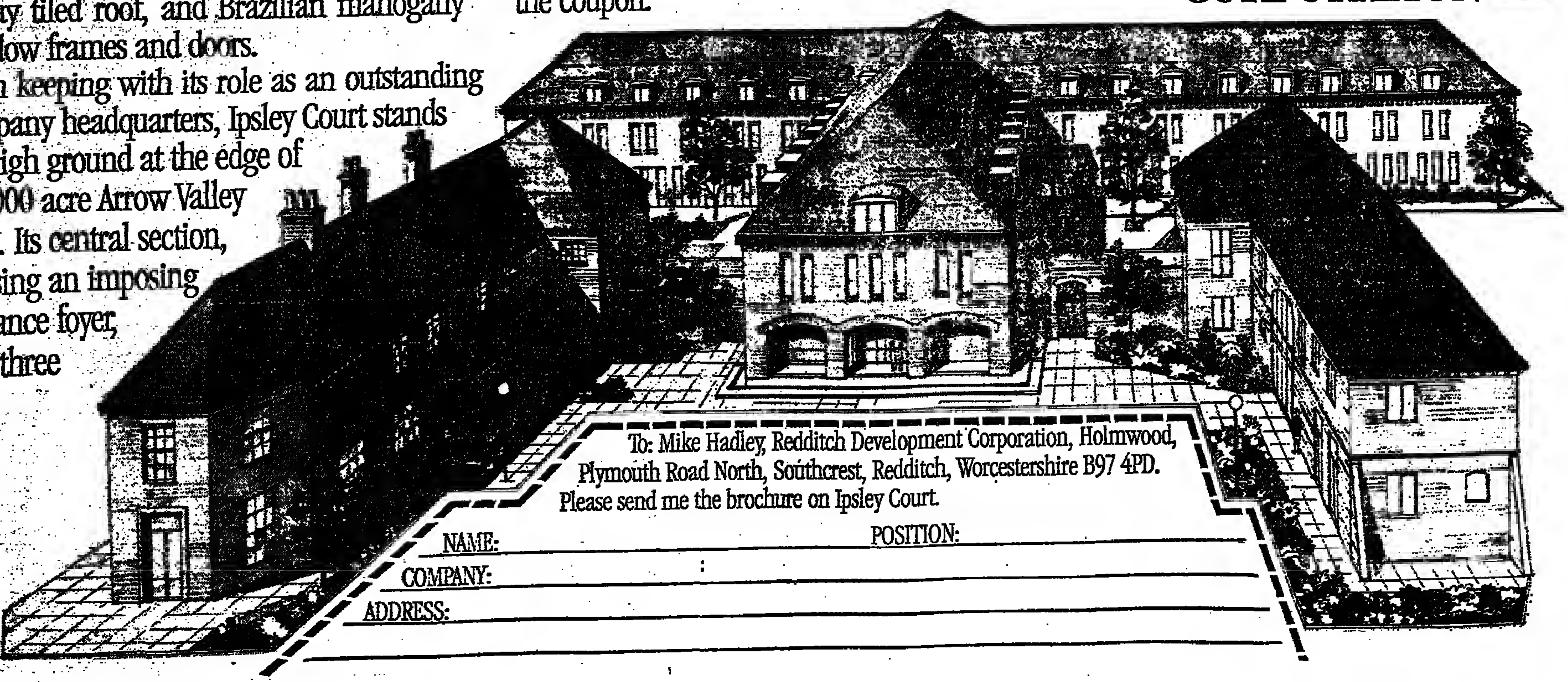

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PROPERTY IN THE MIDLANDS IV

Lights darken in the shop windows

BY PETER CARTWRIGHT

PERIODIC REVIEWS of rent on the expiry of leases which two or three years ago were hoisted quite substantially while the market was still buoyant are now proving a major factor in the still growing number of closures. Before, traders were able to operate in the black but the imposition of higher rents coupled with increases in other charges such as rates and a worsening of the recession has pushed them near or into the red.

Even in first rate shopping centres where a good living could be gained a few years ago the number of boarded shop fronts is growing. "Where 18 months ago premises in the 75-80 per cent positions just off the prime sites were taking perhaps three months to dispose of, they are now taking twice as long," one agent stated.

Another said that even six months ago he could usually depend on a dozen inquiries for a shop in a prime area: they were now down to five or six and taking much longer to complete the contract.

Buyers sought

The majority of agents approached put rent reviews high on the list of reasons why clients were selling up and getting out. "This is particularly noticeable in the 80 per cent pitches and appears to be common to almost every town," he said. "Every time a shop shuts in these areas it shaves a bit off its attractions to shoppers and fewer people tend to go by. We now have quite a number of clients who have come to us confidentially wanting us to find a buyer without advertising the fact. What some of them tell us is that whereas they were trading in the black they are now only just about balanced and the effort to make a reasonable living is becoming too great."

Even the most optimistic are not looking for any appreciable change in the situation in the first half of the year, and most appear to think it will be well into 1983 before the retail shopping market begins to regain something like its former buoyancy.

The sector of the market that seems most to have been affected are the secondary sites, whether those are in the High Street or in and around a new shopping centre. It is as true of the Mander centre in Wolverhampton as the Shambles in Worcester, Sadlers Gate in Derby, the Promenade in Leamington Spa, or the Bull Ring Centre or Corporation Street in Birmingham.

The reasons are complex. Competition from multiples is undoubtedly a potent factor in town centres, as discount warehouses are in the suburbs. Pedestrian flows are another obvious point. In Birmingham, for example, some shops between two of the principal department stores in Corporation Street, Rackhams (Harrods) and Lewis's are very difficult to dispose of when they become vacant—and that they do become vacant more frequently than their comparable neighbours tells its own story. The main reason is that the pedestrian underpass beneath Bull Street, which separates the two department stores, feeds people downward and leaves shops just above with an ebb tide.

Edwards Bigwood and Bewlay, which deals widely over the Midlands, is one of the leading agents that believes the downturn will continue doring the first half of this year. In the Bull Ring, the traditional working class shopping centre, a lot of properties just away from the main stream of shoppers—again the 80 per cent pitchbes—have come on to the market and Edwards Bigwood expects them to be joined by others in the coming months.

Not that quite everything is all gloom and despondency. There is plenty of evidence in industrial towns like Walsall, Nottingham, Leicester, Coventry and many others that redundancy money is being invested in sub-post offices, newsagents and tobacconists and in fish and chip shops in the suburbs.

The high cost of transport into the city centres, especially for those on social security, is guiding more footsteps towards the traditional street corner shop; though it is obvious from the mix of properties coming on to the market that care is needed in selecting the appropriate type of shop for the neighbourhood.

This certainly is true of Derby which, like some other industrial areas of the East Midlands has not been so hard hit as Coventry and Birmingham, which rely more heavily on the motor industry. "There seems to be a new generation growing up that doesn't want to spend a day shopping in the city centre and who like to shop round the corner," was how Frank Innes put it.

More cheerful

"Secondary shops are turning over much more readily than those on prime sites in the city centre." This was the only agent approached to voice such an opinion, although agents with business in the spa towns like Leamington and Droitwich were somewhat more cheerful than those dealing mainly with bigger towns like Birmingham, Wolverhampton and Coventry, which all carry deeper marks of the recession.

Dudley, too, might be said to be something of an exception. The shop property market there being about as active as, say Leamington Spa, despite the fact that the industrial plight of the area has brought it the status of an enterprise zone. But Dudley is the best shopping centre west of Birmingham before coming to Wolverhampton and widely used by Black Country folk. There are relatively few shops for sale there and those that do come on to the market are more easily disposed of than in many other, apparently more prosperous areas. Upper crust Solihull's Mell Square shopping centre has noticeably more vacated shops.

The other sector that is doing pretty well is that devoted to refurbishing. Hardanger Properties, Kidderminster, specialises in this kind of work, assembling a site, usually in several ownerships, and then completely redeveloping or remodelling behind a facade on which there is a preservation order. Usually on completion it is passed on to a pension fund or other institution.

Demand appears to be fairly constant in good locations for this kind of treatment. What emerges from it is that many existing shops built perhaps in the last century or before the Second World War, are not now suitable for the type of business a potential client wants to place in a good shopping area.

Of two ways in which to try to beat the recession, by acquisition and by diversification, the second is being followed more and more by substantial and growing shop groups. Some 1,500 sq ft which might have been comfortably adequate for the type of business being carried on even a decade ago is often these days too small by almost half to accommodate the associated businesses that have been attached to the main function. The Boots of this world have many imitators, particularly among the second and third rankers and some of the family independents.

While this is the type of development business that lends itself to the entrepreneurial spirit, an increasing amount is being undertaken on contract to local authorities, engaged in inner city renewal programmes. It is, moreover, an activity that can find an outlet in any town without having to pay particular attention to its economic status.

Although one can find these oases among the spreading desert of profitable business as judged by yesterday's standards, it does seem as if the retail property market is going to be subjected to some further squeeze before it begins to regain its former size and strength.

A historic brick-making machine in one of the industrial relics on display at Dudley's Pensnett trading estate where low cost enterprise workshops have been so successful that the local authority and the developers, LCP Properties, have announced plans for a similar scheme.

Rise in vacancies holds down rents

BY ARTHUR SMITH

EVEN THE PROSPEROUS East Midlands with its diversified industrial economy has not escaped recession. Factory and warehouse space vacant in Leicestershire has climbed over the past 12 months by more than 1.5m sq ft to 3.72m sq ft, half of which is in the city itself.

Rents have remained fairly static, with a slight improvement on certain small nursery units. Modern developments of 5,000 to 10,000 sq ft are letting at between £1.85 and £2 a sq ft. Small units of up to 4,000 sq ft achieve £2.50 in good locations, but elsewhere might realise only £2.10. Older multi-storey accommodation goes for about 50p to £1 a sq ft.

EAST MIDLANDS INDUSTRIAL PROPERTY

Mr Tony Barrie of estate agents Bonfield Hirst Turnor says the rate of new building has slowed down substantially. There is speculative development but it remains very cautious with sites being developed very slowly. He believes that a sudden upturn in economic activity could take up the available modern accommodation quickly and lead to possible shortages.

The county is, however, well-served with land suitable for development. The city council has around 100 acres of serviced land available leasehold at Beaumont Leys. Wilson Industrial Estates have a similarly-sized development to the south west of Leicester near to the junction of the M1 and M6.

Loughborough Council is offering a 50-acre site to the north of the town. William Davis (Developer) has 40 acres at Shepshed, near Loughborough. The local authorities at Hinckley and Melton Mowbray each have a similar acreage immediately available.

Vacant industrial property has also climbed steeply in Nottinghamshire where new units are readily available at around £1.80 to £2 a sq ft. Agents report that rents have probably eased over the last 12 months with very little new development being started. In spite of the recession there are companies on the move and even older properties are being let. Albeit at perhaps only £1 a sq ft.

Similar activity is reported in Derbyshire where the county council says that available floorspace has increased by 800,000 sq ft over the past 12 months to 3.168m sq ft. Rents for modern buildings are around £1.75 a sq ft rising to £2.50 for the smaller units. As elsewhere, most new projects have involved nursery units. Special inducements, such as rent free periods, are being offered to attract tenants. Rents in general have been fairly steady but have tended to ease on the larger factories.

Northampton now has about 1.8m sq ft of space available. Rentals have been creeping up steadily but with so much unlet accommodation there is likely to be little new development. Modern buildings go for around £2 to £2.25 a sq ft increasing to £2.50 for nursery units.

Corby, which already enjoyed development area status and the consequent financial support from Common Market funds, has benefited from being declared the first English enterprise zone.

Councils try refurbishing

BY LORNE BARLING

THE HIGH level of unemployment in the normally high employment area of the West Midlands has prompted widespread action by local authorities and the county council to create the right conditions for industrial property development, with varying results.

One of the main priorities has been to encourage the provision of small factories or workshops, usually of less than 1,000 sq ft, at rates which will enable redundant workers to use their capital to set up small businesses.

Premises of this kind have only recently been built in any number by developers since they have been regarded as a poor investment due to the high degree of management they require, but local authorities have led the way by providing a considerable number, some newly built and others in refurbished premises.

The provision of land for factory and office development is another vital role of local authorities and the county council. Until the start of the recession there were shortages in some areas. However, the closure of a large number of factories over the past 18 months has created a surplus of space particularly around Birmingham.

Broader service

Most significantly, however, local authorities are now broadening their activities in relation to property. Many now offer new companies or incoming industry a service which includes advice on what property is available, how to obtain finance, deferred rental and other inducements.

While this is seen as helpful to companies, some critics believe that new companies should learn to stand on their own feet from the outset and that any form of subsidy should be avoided.

Work of this kind has been pioneered by development corporations in West Midlands new towns such as Telford and Redditch, where new companies are very often renting premises from a corporation and have come to regard them as helpful advisers on a wide range of matters.

Companies in development corporation premises usually on leases, also have the advantage of being able to surrender these leases when they move to larger factories owned by the corporation or managed for institutional owners.

One of the leading property advisers in the West Midlands is the county council, which compiles a comprehensive register of available space and also promotes the region to attract industry. It has built about 100 small units of less than 1,000 sq ft and believes that in doing so it acted as catalyst for private developers to do the same.

Work of this kind is carried out by the county council's own architects sometimes through refurbishing larger premises and splitting them into smaller areas, with construction work usually contracted out. Occasionally, labour provided through the Manpower Services Commission has been used, and grants have been received under the Department of Industry's urban aid scheme.

The council operates on a commercial basis where possible, although it does set out to make large profits on its property and therefore offers rentals at or below the normal commercial rates.

The Birmingham City Council has built a number of small units in the city in the past few years, and is now refurbishing property in the jewellery quarter for small businesses. The council is also confident that with a reserve of around 20 acres of suitable development land, it can meet the area's development needs for some time to come.

Its main function is in the allocation of building land for owner occupiers, although at times land is being made available to developers for speculative building. But like other authorities the council is now becoming involved in more ambitious projects.

The council and Lloyd's Bank are each putting up £1m for the establishment of a new company which will fund high technology investment in Birmingham. This initiative will be linked with the new Aston industrial science park which has the backing of Aston University and has received £2.5m from the council to buy and renovate a site adjacent to the university.

It is intended that the site should be used by small companies which are involved in research and development work on new projects or processes, which can be helped by the involvement of university staff and post graduates, leading to manufacture. It is envisaged that most companies will move to other industrial sites as they grow in size, allowing others to take their places.

Sir Jeremy Morse, chairman of Lloyd's Bank, said: "Over the years Birmingham and the West Midlands have seen hard times but never has there been a greater need for the effective application of imaginative ideas.

"The industrial science park is just such an idea and we are very glad to back it with both funds and people," he added, referring to the provision of Lloyds' management services. Funds available to companies will be in the form of interest-free loans from the two partners.

A completely new role for a local council in the property field was experienced at Dudley recently, where the council was faced with the responsibility of getting a government-designated enterprise zone into operation.

While this stretched the resources of Dudley's small industrial development unit in dealing with the administrative problems involved, responsibility for the development and management of industrial property within the zone has now passed completely into the hands of the landowners and developers involved.

With development on the site now going ahead faster than had been predicted in response to the absence of rate charges which are reimbursed to the council from central government, Dudley council is optimistic that the zone will do much to revive industrial activity in the area.

The council has also been involved in the development of small industrial units within its boundaries, with considerable success in meeting local demand and stimulating similar developments by private companies.

In many areas of the West Midlands, however, there is increasing concern over the growing amount of vacant industrial space and the inability of the private sector to attract new companies into the area to create jobs.

For that reason many councils are increasing the funds available to their industrial development units for promotional purposes and there is more pressure to ensure that the right kind of property is available. But most councils remain hesitant about committing ratepayers' funds to speculative property projects.

THE PROPERTY MARKET BY MICHAEL CASSELL

Ealing funding agreed

REGIONAL PROPERTIES has reached agreement with Norwich Union for the funding of the development and investment group's £20m office scheme at Ealing, West London.

Under the terms of a side-by-side development partnership established with Norwich Union, Regional will retain the freehold of the 180,000 sq ft net Great Western Centre on the Uxbridge Road, while the insurance group will take a 250-year lease and provide the development finance.

In line with its stated policy of negotiating financing arrangements which limit the risk of exposure but leave it with a share of the action, Regional is to maintain a 40 per cent equity stake in the development.

Work on the scheme is already underway. The three-acre site is adjacent to Ealing town hall, close to the new shopping centre and to the London Transport station. The distinctive, sixstorey building, designed by the Sidney Kaye, Firmin partnership, should be ready for occupation by the middle of 1984 and represents one of the very few schemes of this scale actually under way in the west London area. Ealing itself has not had an office development of this size for many years.

Part of the site came Regional's way via an asset-swapping exercise in 1973 with one of the William Stern companies. Regional gained the land, arguably in pole position along the Uxbridge Road, in return for a block of leasehold flats. At a later stage it acquired the remainder of the site from City of Westminster Insurance.

Planning problems and Office Development Permit restrictions prevented further progress at the time.

Graham Hill of Regional says the building—in the middle of the "Heathrow corridor"—will provide excellent headquarters accommodation for an international company and the search is on for a single tenant, although the "high-tech" complex could easily be split into a variety of floorspace combinations. Each floor has about 26,500 sq ft of space.

The hope is for a pre-let, although Regional is fairly level-headed about such a prospect given the current state of the lettings market.

Richard Ellis, which arranged the funding, and Edward Erdman are joint letting agents and any tenant is likely to have to pay around £15 a sq ft for the building by the time it is available. Prime rents in the area are now nudging £13 a sq ft.

The £14.5m building contract has been awarded to Fairclough Building Southern Division.

Office development for Swindon

A 28-acre plot of land is being made available by the Swindon local authority for the construction of 300,000 sq ft of low rise office space.

The development, for which planning permission is expected before Easter, is likely to cost more than £20m and create between 1,000 and 1,300 permanent jobs in the area, according to Thamesdown Borough Council, the responsible authority.

Discussions with one prospective occupant have already started, and there is expected to be strong interest in the site, which is adjacent to the headquarters of Burmah-Castrol and those of Intel, the electronics concern. Land will be available on a long lease basis.

Mr Douglas Smith, the council's industrial adviser, said the campus-style development would be ideal for a large owner-occupier, but the space could be split into two if necessary. Building work could be started next year, he said.

Another major office project in Swindon, the planned construction of 100,000 sq ft of space on half the North Star site in the city centre by Philips Business Systems, has been put in doubt recently by a delay in the conclusion of the deal.

Philips said it had "decided not to proceed with the commitment to develop the North Star site until the organisational and business plans of Business Systems have been reviewed."

LARNE BARLING

Janred and Tarmac picked by Brighton

JANRED PROPERTIES and Tarmac have been selected by Brighton council to seek planning permission for a £30m development scheme on the old Jubilee site next to the Royal Pavilion estate.

Trafalgar House was the other serious contender for the project, which could now be under way within 18 months and will take about three years to build.

At this stage, some of the details remain sketchy but the intention by the joint developers, which will be granted a long lease by the Council on the five-acre site, is to develop sports facilities, a shopping and restaurant centre and an office complex amounting to about 400,000 sq ft.

At the heart of the scheme will be an international-standard ice rink and the developers have agreed to provide this before the office complex is finished. Planning gain will also extend to some housing.

Jack Ricardo, managing director of Janred, emphasises that no agreement has yet been reached with Brighton with regard to the design and size of the scheme's commercial content and that only the principle has so far been established.

"There have been several false starts for the Jubilee site but all the parties involved are now confident that we can see this thing through. Our proposals will provide a major shot in the arm for an important site which needs reviving."

Janred expects the scheme to include over 100,000 sq ft of office space, as well as specialised shopping facilities and restaurants, once the detailed plans are formulated. Michael Rayner and Partners are the developers' London agents.

Funding for the scheme will come from a London merchant bank and "other institutional partners," although Mr Ricardo will not elaborate at this stage.

At the moment, Brighton Corporation owns about 70 per cent of the site involved and is shortly expected to obtain complete control of the land. In return for the longe lease, it will take a share of the centre's income.

For Janred, which started life 12 years ago and after a spell in the residential sector now concentrates exclusively on commercial development, the Brighton deal represents its biggest scheme to date. The company is also involved with Tarmac Properties in the £14m Victoria Square office in Birmingham and has just completed an office and shop scheme off Hanover Square in London's West End.

Other current projects involve a refurbishment project in Dover Street, W.1, and the development of a 17-acre industrial park in Somerset, close to junction 23 on the M5 motorway.

Exchange re-thinks Billingsgate

THE SEARCH by the London Commodity Exchange for a new home is not over, despite the widespread assumption that it will be going into the new Billingsgate redevelopment.

The Exchange has to vacate its existing space in the Corn Exchange by 1987 and although it has gone a long way down the road to taking space in the Billingsgate redevelopment, it is nevertheless taking a last look at alternatives. The sale of the old market complex to London & Edinburgh Trust and S & W Berisford was last week ratified by the City Corporation and the joint developers have had lengthy talks with the Exchange over their accommodation requirements.

According to Archie Galloway of John D. Wood, who are acting for the Exchange, "We have been living with Billingsgate for a long time and we simply want to make sure that we have not got too close to it. We are not yet totally committed to taking space there, although the scheme is at the top of our list of options."

The Exchange will require a site or buildings capable of providing around 60,000 sq ft of floorspace by the summer of 1986 and it will have to be in the City or nearby. Freehold or leasehold will be considered.

Institutions maintain investment allegiance

THE PROPERTY investment market may prove to be a far more cautious place during 1982, but the pension funds and insurance companies showed few signs of any misgivings about the relative attractions of the property sector during the third quarter of last year.

Latest Government figures on the subject show that while institutional investors finally turned their back on overseas shares in preference for the London equity market, they maintained their allegiance to commercial property.

According to the Central Statistical Office, the pension funds, insurance companies and unit trusts sank another £505m into direct property investment between July and September last year, an increase of £30m on the figure achieved in each of the previous two quarters. A year earlier, investment in property by the same groups totalled £400m.

A breakdown of the money spent shows that the insurance companies continued to lead the field, with property acquisitions accounting for £280m of disposable investment funds.

The pension funds put in £205m and unit trusts and other smaller purchasers helped bring the quarterly total for all property investment to £575m against £529m in the previous three months.

In the first nine months of last year, the institutions collectively injected £1.63bn into commercial property investments, making it likely that final figures for 1981 will show investment exceeding the £1.9bn record total achieved in 1980.

Given that commercial property at current prime yields may look somewhat expensive when compared to other forms of investment, the level of institutional interest shown in 1983 may well dampen down.

But with portfolio balances and investment quotas to be met and with available prime property investments remaining thin on the ground, there are few suggestions of a widescale withdrawal from the market or of anything other than a marginal easing of prime yields.

The biggest question mark hanging over yields must be in respect of industrial investments. The industrial market continues to display all the signs of deep recession and the latest survey from King and Co shows that, while the rate of increase in available space has started to moderate, the amount available (146m sq ft in England and Wales) represents an all-time record.

Some timely coments on the institutions' attitudes towards industrial investment come this week from John Vail, of L. S. Vail, the south Hampshire agents. Mr Vail says the region now has the largest volume of vacant indnst rial space in living memory and that much of it is now simply unsuitable for modern requirements.

FT COMMERCIAL LAW REPORTS

Shipowner not protected by standard clause

TOR LINE AB v ALLTRANS GROUP OF CANADA LTD

Queen's Bench Division (Commercial Court): Mr Justice Bingham: January 20 1982

WHERE THE parties to a charterparty in a standard form add a clause specifying structural requirements of the vessel to be chartered and intend that such clause shall be binding, the shipowner, if he fails to satisfy those requirements, is not protected from liability by a standard clause in the charterparty which purports to exempt him from responsibility in any case whatsoever.

Mr Justice Bingham so held when dismissing an appeal by Alltrans Group of Canada Ltd, shipowners, from an umpire's award in favour of Tor Line AB, charterers, that the owners were liable for loss caused by their breach of a charterparty.

* * *

Clause 13 of the Baltime 1939 form of charterparty provides: "The owners only to be responsible for delay . . . and for loss or damage . . . if such delay or loss has been caused by want of due diligence on the part of the owners or their manager in making the vessel seaworthy and fitted for the voyage or any other personal act or omission or default of the owners or their manager. The owners not to be responsible in any other case nor for damage or delay whatsoever and howsoever caused even if caused by the neglect or default of their servants . . ."

HIS LORDSHIP said that the vessel with which the case was concerned was a roll-on roll-off vessel designed to accommodate the carriage of trailers loaded with containers. The charterers operated a roll-on roll-off liner service between Europe and the Middle East, and wanted the ship for employment on that service. They intended using the main deck to carry MAFI trailers double-stacked with 40 foot containers.

The vessel was chartered by the owners to the charterers for six months. The form of the charterparty used was an amended Baltime 1939 form with additional clauses, one of which, clause 26, set out at considerable length a number of dimensions and other features of the vessel. The free height of the main deck of the vessel was given as 6.10 metres. In fact the free height was 6.05 metres and in the course of the vessel's first voyage under the charter, it was found that a MAFI trailer double-stacked with 40 foot containers could not be loaded on the main deck.

The charterers complained that their inability to load the containers on the trailers caused them loss and that the loss was caused by the owners' breach of charterparty in supplying a vessel not having the free height on the main deck which was stipulated in the charterparty.

The dispute was referred to arbitration and an umpire's award was made in favour of the charterers.

The umpire held that the owners were not protected by clause 13 in the Baltime form. He said in his award: "... clause 13 was intended to cover cases of damage or delay occurring after the charterparty came into force. It does not cover breaches of warranty in the charterparty."

The owners now sought leave to appeal from that award. The question, *inter alia*, was whether they were relieved by clause 13 from any liability in respect of their breach of the additional clause, clause 26.

Mr Johnson, for the owners, said that in the light of the plain meaning of clause 13, and decided cases, the umpire's finding could not stand. He showed that in previous cases on clause 13, it had been construed so as to protect the owners, save in respect of their or their manager's personal acts, omissions or defaults, for which responsibility was accepted in the first sentence of the clause. Full scope had been given to the second sentence.

Mr Tomlinson, for the charterers, submitted that clause 13 could not protect the owners against liability for misdescription of the essential structural or other unvarying attributes of the vessel. It had never been held to do so. He said that it could only apply to qualify an obligation arising during performance of a charterparty or to relieve from the consequences of a failure to carry out an obligation arising during performance of a charterparty.

His Lordship was satisfied that the owners had made out a strong *prima facie* case that the umpire was wrong in his conclusion and accordingly he gave leave to appeal. Mr Johnson had asked him not only to give leave to appeal, but to go on and hear the appeal itself.

There might be exceptional cases where the point of law was so short and clear and self-contained that a final decision could be taken on the application for leave and any further hearing would be futile, but such cases were rare. The court would in general strongly discourage attempts to convert applications for leave into full appeal hearings.

However, in the present case, since there had been full argument and citation of authority and since the White Book [RSC Ord 73 Rule 2] gave some warrant for the belief that the application and hearing should be combined, it would not be right to put the parties to the expense of a further hearing. His Lordship therefore proposed to decide the question on which he had given leave, but in doing so he trusted that he would not be taken to create a precedent.

At the conclusion of the argument on the effect of clause 13, his Lordship was of the opinion that a strong *prima facie* case had been made out that the umpire was wrong on that point. Further consideration persuaded him that he was not.

The departure from the dimensions of the vessel as stipulated in clause 26 was very slight, but the owners' construction of clause 13, if correct, would protect them even against a major departure from specification.

Clause 26 contained very precise details of a large number of structural, mechanical and other features. It set out a great variety of particulars, not only concerning the height and breadth dimensions, but also the number of trailers which could be accommodated, the degree of slope at certain points, the capacity of a lift, the bearing strength of various decks, the available equipment for securing trailers and containers, details of the engine, generators, speed, consumption, deadweight and so on. The parties carefully and deliberately added all that to the printed form of contract. Was the result devoid of contractual effect?

In the Nema [1981] 3 WLR 292 Lord Diplock said at page 297: "The object sought to be achieved in construing any commercial contract is to ascertain what were the mutual intentions of the parties as to the legal obligations each assumed by the contractual words in which they . . . chose to express them; or perhaps, more accurately, what each would have led the other reasonably to assume were the acts that he was promising to do or to refrain from doing by the words in which the promises on his part were expressed."

Adopting that approach, his Lordship found it impossible to conceive that the parties intended the owners to be immune from liability in respect of breaches of clause 26 at least so far as the structural statistics of the vessel were concerned. A breach of the detailed provisions of clause 26, relating to matters outside the apparent scope of clause 13, must be regarded as falling outside the ambit of the protection afforded by that clause.

The appeal should be dismissed.

For the owners: David Johnson QC and Michael Tugendhat (Clyde & Co.).

For the charterers: Stephen Tomlinson (Ingledew, Brown, Bennison & Garrett).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

LULAV, reportedly backed by his owner, Mr Chummy Gaventa to win £50,000 in a single Daily Express Triumph Hurdle bet, reappears at Doncaster today for his second race over the minor obstacles.

The novice justified some hefty bets at Kempton on Friday. Backed down to two to one in a reasonably strong field for the Walton Novices Hurdle, Lulav always looked like coming out on top despite hitting the fifth and penultimate flight.

The Nicholson four-year-old was ridden out to the line and passed the post with three-quarters of a length in hand of Hiz, who proved far too good for the third placed Carved Opal.

Lulav, the mount of Peter Scudamore, John Francome's closest pursuer in the jockeys championship, ought to be able to take advantage of the stone he receives from Sheikh Ali Abu Khamsin's Gaye Brief.

Half an hour after the Rossington Novices Hurdle for which Lulav will be at prohibitive odds, the trainer and jockey rely on Conna Valley in the Wards' Brewery Novices Chase. Conna Valley, which was a fair fifth behind Richdee over 2¼ miles at Nottingham last time out, should go well in what is sure to be a highly competitive race. However, I prefer Gaye Brief's stable-companion, Celtic Rambler, a strong gelding by *Celtic Cone out of the Grey* Sovereign mare, Tudor Rambler. He will have no problems in staying this searching three miles.

AYR

1.45—Imperial Black
2.15—Carrow Boy*
2.45—General Bruno

DONCASTER

2.00—Biv
2.30—Lulav
3.00—Celtic Rambler***
4.00—Raconteur**

TELEVISION

Chris Dunkley: Tonight's Choice

No television critic could resist Preview, tonight's "Playhouse" on BBC-2, since it is written by one of us, Sylvia Clayton, of the Daily Telegraph, and features four more television critics. They are fictional, of course, but what everyone wants to know is—whom do they remind us of? Will Anna Cropper laugh just like Nancy? Does Anton Rodgers look a bit like Herbie? The play is set in a preview theatre, where the critics *are supposed to see a documentary, which fails to arrive.* The projectionist suggests he could show them a film of his own to pass the time. . . .

Earlier BBC-2 magician Paul Daniels talks about his heroes, including Houdini and Hancock, in the first of a series called Heroes. Later, in Soap on ITV, Jessica is kidnapped and whisked off to Malaguay.

As usual, Friday is a particularly good night for radio, though, as ever, programmes of one sort clash: Robert Cushman's series, about musicals, on Radio 3, Book, Music and Lyrics, starts at 10.15, and Richard Baker introduces Episode 2 of the series about comic songs on Radio 2, Anything for a Laugh, at 10.30. Radio 4 has an excellent schedule from Margaret Howard's Pick Of The Week at 7.20, right through to The Financial World Tonight, at 11.15.

BBC 1

9.00 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.02-3.00 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). *3.55 Play* School. 4.20 Captain Caveman. 4.30 Think Again. 4.55 Grange Hill. 5.20 The Amazing Adventures of Morph. 5.30 Welcome to Wodehouse.

5.40 News.
6.00 Nationwide (London and South-East only).
6.22 Nationwide, including 6.45 Sportswide.
7.00 The Superstars.
8.00 Fame Is The Spur by Howard Spring.
8.50 Points of View with Barry Took.
9.00 News.
9.25 Kojak starring Telly Savalas.
10.15 Face the *Music: Quiz with* Joseph Cooper (London and South-East only).
10.45 News Headlines.
10.50-12.30 am The Late Film: "The Lost Continent," *starring* Eric Porter and Suzanna Leigh.

BBC 2

11.00 am Play School.
3.00 pm Snooker:
5.10 World Ski-ing Championships.
†5.40 "Sherlock Holmes And The Voice Of Terror,"
6.45 Heroes.
7.15 Oxford Road Show.
7.50 News Summary.
7.55 In the Country.
8.25 Newsweek: Is Camp David Dead?
9.00 Snooker.
9.25 Playhouse.
10.45 Newsnight.
11.30 Snooker.
11.55-12.50 am Friday Night . . . Saturday Morning.

LONDON

9.35 am Schools Programmes. 11.55 Comic Stories. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Simply *Sewing. 1.00 News, plus FT* Index. 1.20 Thames News with Robin Houston. 1.30 Take the *High Road. 2.00 After Noon* Plus: Elaine Grand and Simon Reed with The Rt Hon Tony Benn, MP. †2.45 Friday Matinee: "The Happiest Days Of Your Life," starring Margaret Rutherford and Joyce Grenfell. 4.15 Dangermouse. 4.20 Storybook International. 4.45 Jukes of Piccadilly. 5.15 Square One presented by Joe Brown.

5.45 News.
6.00 The 6 O'clock Show
7.00 Family Fortunes
7.30 Hawaii Five-O starring Jack Lord.
8.30 Shine On Harvey Moon.
9.00 The Gentle Touch starring Jill Gascoine.
10.00 News.
10.30 Bizarre.
11.00 The London Programme: London's Transport In Crisis.
11.35 Soap.
12.05 am *Paris By Night.*
12.30 Close: Personal Choice with Gillian Reynolds.

† Indicate programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.45 Friday Film Matinee: "Mr Jericho" (TV Movie). 6.00 About Anglia. 7.30 The *Fall Guy.* 11.00 Members Only. 11.30 Friday Late Film: "Tales From The Crypt," starring Ralph Richardson, Joan Collins and Ian Hendry. 1.10 am Birgitte and Swante.

BORDER

1.20 pm Border News. 2.45 Film: "Bad Day At Black Rock," starring Spencer Tracy. 6.00 Lookaround Friday. 6.30 That's Hollywood. 7.30 The Fall Guy. 10.30 Take the Mickwith Mick Potts and the Gateway Jazz Band. 11.00 Bizarre. 11.30 Border News Summary.

CENTRAL

1.20 pm Central News. 2.45 Murder and Mystery Matinee: "Death Sentence." 4.10 Windows. 6.00 Central News. 7.30 The Fall Guy. 11.00 Central News. 11.05 Invitation To terror. 12.60 am Barney Miller.

CHANNEL

11.55 am Look and See. 1.20 pm Channel Lunchtime News and What's On Where. 2.45 The Friday Matinee: "Interval. 5.15 Emmerdale Farm. 6.00 *Channel Report.* 7.30 *The* Incredible Hulk. 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.45 Mysterious Tales. 10.50 Continental Cinema. 12.45 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "Mine Own Executioner," starring Burgess Meredith, Dulcie Gray and Kieron Moore. 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 *Feature Film: "Circus Of Horrors,"* starring Anton Diffring. 12.16 am North Headlines, Road Report.

GRANADA

11.54 am Wattoo, Wattoo. 1.20 pm Granada Reports. 2.45 Friday Matinee: Reg Varney in "On The Buses." 5.15 Squaro One. 6.00 Granada Reports. *6.30 Kick Off.* 7.30 Fall Guy. 11.00 A Week on Friday. 11.30 For Adults Only: "Forbidden To Know," starring *Jean-Louis Trintignant.*

HTV

1.50 am Cartoon Time. 1.20 pm HTV *News. †2.45 Friday Film Matinee:* "The Dracle." 6.15 Benson. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.28 HTV News. 10.30 The Good Neighbour Show. 11.00 The Late Night Film: "Play Misty For Me," starring Clint Eastwood.

HTV Cymru/Wales—As HTV West except: 11.34-11.49 am About Wales. 12.00-12.10 pm Flalabalam. 4.15-4.45 Plant Y Mewnludwyr. 5.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 The Only Genuine Jones. 10.30-11.00 Dudook.

SCOTTISH

1.20 pm Scottish News Headlines, Road and Weather Report. 1.30 Square One. †2.45 Friday Matinee: "The House Of Seven Gables." 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 *Sports Extra. 6.45 Hear, Here.* 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Bizarre. 11.30 Late Call. 11.35 Streets of San Francisco.

TSW

1.20 pm TSW News Headlines. 2.45 "Interval," starring Merle Oberon. 4.12 Gus Honeybun's Magic Birthdays. 5.15 Emmerdale Farm. 6.00 Today South-West. 6.30 What's Ahead. 7.30 Mr TSW 1982. 10.30 TSW Late News. *10.35 Postscript. 10.40 Mysterious* Tales. 10.50 Continental Cinema: "Rider On The Rain." 12.45 am South-West Weather.

TVS

1.20 pm TVS News. †2.45 Friday Matinee: "The House Of Seven *Gables," starring George Sanders.* 5.15 Watch This Space. . . . 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Friday Sportsshot. 7.30 The Fall Guy. 11.00 Hammer: "A Study In Terror," starring John Neville. 12.50 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. †2.45 Friday Matinee: "Life Is A Circus," starring the Crazy Gang. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life with Tom Coyne. 7.30 The Fall Guy. 10.30 North-East News. 10.32 "From Here To Eternity" (part 1), starring Natalie Wood. 12.20 am Poet's Corner.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "The Captain's Table," starring John Gregson, *Peggy Cummins* and Donald Sinden. 4.13 Ulster News. 5.15 Hear, Here. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 *Diff'rent Strokes. 7.30 The Fall Guy.* 10.29 Ulster Weather. 10.30 Witness. 10.35 Lou Grant. 11.30 Bedtime.

YORKSHIRE

1.20 pm Calendar News. †2.45 Friday Film Matinee: "The House Of Seven Gables," starring George Sanders and Vincent Price. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 11.00 *Thriller.*

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 *Steve Wright.* 5.00 *Newsbeat.* 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Friday Night is Music Night (S). 8.50-9.10 Interval. 9.55 Sports Desk. 10.00 Listen to Les. 10.30 Anything For A Laugh, including 11.02 Sports Desk. 11.16 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Brush (S). 10.00 Martin, Fauré and Martinu (S). 10.55 BBC Singers (S). 11.30 Music for Cello and Piano (S). 12.25 pm Midday Concert, part 1: Borodin (S). 1.00 News. 1.05 Midday Concert, part 2: Ravel (S). 2.05 Haydn (S). 2.30 Peter Donohoe and Martin Roscoe two-piano recital (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Mozart and Schoenberg: BBC Scottish Symphony Orchestra concert (S). 7.45 The Living Poet: Peter Levi introduces and reads his own work. 8.15 *Hamish Milne* piano recital (S). 8.55 The Great Wall of China by Franz Kafka (reading). 9.25 Coull String Quartet (S). 10.15 Book, Music and Lyrics (S). 11.00 News. 11.05-11.15 Two Poulenc Duets (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 *News. 9.05 Desert Island Discs* (Castaway, Frankie Howerd). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily *Service. 10.45 Morning Story.* 11.00 News. 11.05 *Great Families of Britain.* 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 *My Word!* (S). 12.55 Weather; programme news. 1.00 *The World at One.* 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Poetry Please! (S). 4.15 Modern French Writers. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). *8.10 Profile. 8.30 Any Questions?* 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. *10.35 Week Ending (S). 11.00 A Book* at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip delves into the BBC Archives. 12.00 *News.*

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How the Navy has reared its nuclear family

David Fishlock describes the organisation behind Britain's atomic submarine programme

THE AMERICAN pressurised water reactor, centre of controversy in the British nuclear power industry for almost a decade, is no stranger to the Royal Navy. While the nation still argues over its first PWR station, the Navy has taken delivery of a score of PWRs, all but one British built.

It has pushed the technology far beyond anything envisaged when the project began. It has also abandoned—without public controversy—several years of work on an alternative navy reactor.

The success of this high-technology programme, which has equipped Britain with a new nuclear submarine every year since the mid-1960s, has gone almost unsung. Vice-Admiral Sir Ted Horlick, the director-general of ships and the chief naval engineer officer of the Ministry of Defence's procurement executive, raised the veil of secrecy this week.

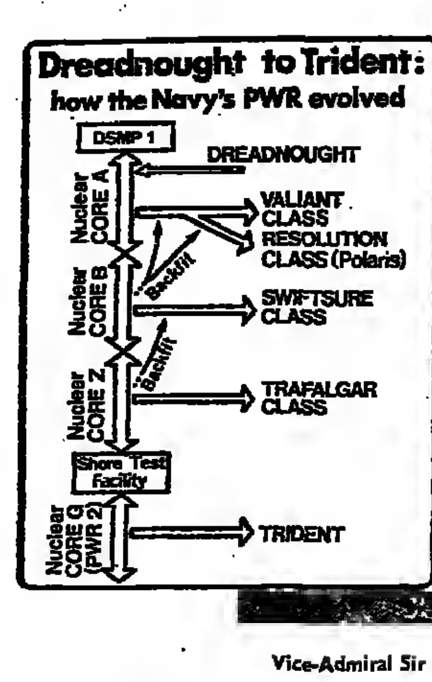
In an address to the Institution of Mechanical Engineers the admiral recalled that at one hectic stage no fewer than eight PWRs were on trials or under construction in Britain. "Success owes a great deal to many organisations and individuals, but perhaps more than anything else to the impetus in single-minded project management generated in the heady and challenging days when Dreadnought, Valiant, DSMP (Dounreay Submarine Machinery Prototype), Warspite and four Polaris submarines were on trials or in build, and the Swiftsure class in design at the same time."

Admiral Horlick set out to demonstrate "the virtues of evolutionary development of a successful concept by which problems are steadily ironed out, systems and operation simplified and reliability improved."

From the start the Navy delegated design authority to an industrial company, Rolls-Royce and Associates, a defence consortium dominated by Rolls-Royce, devoted to the job of designing and building nuclear reactors. According to Admiral Horlick, its performance demonstrates above all the virtues of combining design, procurement and support in a single organisation.

Britain's nuclear submarine project began in 1954, when the Admiralty set up a naval section at the Atomic Energy Research Establishment at Harwell. The previous year the U.S. Navy had demonstrated its first land-based PWR prototype in the Idaho desert.

The Harwell team included engineers drawn from industry—from Vickers Armstrong and the Yarrow Admiralty Research Department (YARD). Its job was to define the R&D and the design and development work required for a nuclear submarine power plant. An early decision was that Britain would need its own land-based prototype PWR, confined within a submarine hull. The first programme called for the prototype to be in operation by January 1960, and the first submarine to be operating by midsummer 1962, and at sea in 1963.



Vice-Admiral Sir Ted Horlick: heady and challenging days

Brona Radevic

Insistence

The companies chosen to spearhead this project were Vickers Armstrong, main contractor for the prototype nuclear propulsion system, with Rolls-Royce as sub-contractor for the PWR, fuel and instrumentation, and Foster Wheeler as sub-contractor for the pressure vessel, primary circuit and steam generators.

But in May 1957 the legendary Admiral Hyman Rickover, "father" of the U.S. nuclear navy, visited Britain with an offer from the U.S. Government to provide Britain with one—just one—submarine reactor plus spares. In 1958 the Admiralty purchased a Westinghouse S5W reactor, destined for Dreadnought, the first of its nuclear fleet.

Management of the project was reorganised under the Dreadnought Project Team at Bath, with the naval section at Harwell responsible for R&D. Rolls-Royce, at Rickover's insistence, took charge of the project.

The U.S. purchase cast doubt upon the plans to build a prototype at Dounreay in Scotland, a full-scale wooden model of which was nearing completion at Vickers' works at Southampton. But the Treasury was persuaded that the Navy still needed this prototype, based on British PWR technology.

Today, the Dounreay Submarine Machinery Prototype is seen as one of the cornerstones of the programme, Admiral Horlick says. Its four roles are to provide a test-bed for evolving technology; as the lead plant for new sea-going machinery; as training facilities for nuclear submariners; and as a convenient way of reproducing problems encountered in service.

The value of DSMP is reflected in the fact that it was not reactor theory but engineering which impeded the initial project. Materials and fabrication techniques were novel, standards of inspection were exacting, cleanliness of an unusually high order had to be maintained.

The first big mistake was that the reactor project, preoccupied with the novel problems of the PWR itself, neglected the associated propulsion machinery, which the Navy regarded as "established technology" very similar to that for a surface warship. The consequences of this error became apparent when it tried to install the U.S. reactor in Dreadnought. Nevertheless, commissioning of DSMP began early in 1963.

By September, however, a welding problem had developed which necessitated the replumbing of the entire reactor.

According to Admiral Horlick, the evolution of the PWR project fell into four clear phases (see illustration).

1—Valiant phase:

Valiant, Britain's second nuclear submarine and the first of a class of hunter-killers, had been ordered in 1960. It drew upon both the DSMP and S5W designs.

Valiant was wanted in a great hurry. Many design recommendations were dropped in the interest of speed and cost, to reappear ten years later in the next (Swiftsure) class. But major changes included simpler propulsion machinery—fewer valves, for example—and better access. Valiant entered service in 1966.

The experience gleaned from Valiant and DSMP ensured that the Polaris boats "inherited a tested and proven propulsion plant, albeit one that required a high maintenance effort to keep it fully operational," says Admiral Horlick.

In February 1963, before Valiant was finished and even before Dreadnought had entered service the Navy ordered four Polaris missile-carrying submarines, with nuclear propulsion based on the Valiant design. This, Admiral Horlick believes, was an immense and complex undertaking on an extremely short timescale, calling for project management of the highest order.

Delays

The Admiralty recognised this by appointing a Chief Polaris Executive at Vice-Admiral rank with overall control of the project. It used novel management techniques—often drawn from the U.S. Polaris programme — such as programme management planning, key-event charts and network scheduling.

Resolution, the first Polaris boat, laid down in February 1964, embarked on its first patrol in the summer of 1968. But Valiant's schedule slipped, partly because resources were needed for Polaris, and partly through delays following the DSMP leaks, when Valiant's plumbing had to be replaced.

In 1961, Rolls-Royce and Associates began to develop a new nuclear core (see illustration), with the aim of getting more power and twice the life from the Polaris and Valiant reactors. YARD, meanwhile, began work on a new design of propulsion machinery, less noisy so that it interfered less with the submarine's sonars.

2. Swiftsure phase:

The new ideas were embodied in Swiftsure, ordered in 1967, as first of a new class of hunter-killers. That year Rolls-Royce's core was installed in DSMP, in order to demonstrate its performance before Swiftsure's core was committed to production. Simultaneously, plans were laid for the testing of some 285 tonnes of Swiftsure-class propulsion machinery as a single system in a facility at Barrow.

Swiftsure entered service in March 1972. In two vital respects—reliability of propulsion plant and noise performance—its design basis has been exceeded, says Admiral Horlick.

3. Trafalgar phase:

Once again the Navy pondered the next evolutionary phase. Less noisy machinery was still one big objective. But a new one was a reactor core with a longer life, since changing a core required radical surgery and dictated the frequency of major refits.

From 1968-71, Rolls-Royce developed a new longer-lived core (see illustration) and quieter cooling water circulation for the reactor. To test it required a major refit of DSMP, completed in 1974. Simultaneously, a simpler mounting for Trafalgar's machinery was tested at Barrow, in a new facility completed in 1976.

4. PWR 2 phase:

With Trafalgar expected to enter service this year and three more of the class under construction, the propulsion technology of the 1950s has reached the limit of evolution, Admiral Horlick says. "Since the 1950s there have been major advances in mechanical engineering design processes, greater understanding of the mechanism of crack initiation and growth in structures and considerable experience of plant operation." Design and safety criteria are now considered "too shallow."

Studies of a new generation of naval reactors began in the late-1960s, by examining a different type of reactor, which promised to be smaller, lighter and quieter. But three years of development suggested that the saturated water reactor would raise new problems that could not be offset by any gains. In 1976 the SWR was abandoned in favour of a new generation of PWR, designed above all to higher standards of safety and for easier inspection, as well as more power, less noise, better shock performance and longer core life.

PWR 2 is the power plant planned for Britain's Trident submarines, as well as a new class of hunter-killers. It requires big changes in all major reactor components, including a novel design of pump and titanium plumbing to reduce the weight. So the first PWR 2 will be a new shore test facility at Dounreay, already under construction. YARD is designing the propulsion machinery as an evolution from the Trafalgar design. Nevertheless, two years of testing are scheduled for the first set.

When a Japanese no may mean yes

Japanese finance — a guide to banking in Japan. By Andreas Prindl. published by John Wiley and Sons, £8.95.

Only people who have wrestled with the strange complexities of Japanese finance will fully appreciate the value of a new guide to banking in Japan written by Andreas Prindl.

In a volume slim enough to slip into the most streamlined briefcase, Prindl answers the three questions which reduce the business visitor to Tokyo to head-shaking bewilderment. How does this banking system work? Why is such a system allowed to exist? How do I do business with such a system?

No synopsis of question one is possible here. The book itself is admirably compact on the subject. The key to question two lies in two distinctively Japanese traits, according to Prindl — the perceived vulnerability of the Japanese, and their identification with a close-knit unit, both of which reinforce acceptance of central authority. Just as the traditional, tightly-knit Japanese village relied upon the *cho-ro* or village elders, to allocate water to the rice fields, so Prindl argues, modern industrial Japan is content to allow Government officials to exercise direct control over the allocation of credit.

In answer to question three Prindl passes on to the reader some of the experience he gained as general manager of the Tokyo office of Morgan Guaranty Trust. He not only outlines how common financial transactions are conducted in Japan, but also offers guidelines on how to approach the all-important Ministry of Finance.

For instance, he notes that decisions in Japan are typically made from the bottom up — not from the top down. This makes the choice of level for any approach particularly important — the "word with the boss" method is ill-suited to Japan.

Perhaps Prindl's most practical advice is: "Take a Japanese colleague along." Answers of Ministry of Finance officials may not be what they appear on the surface. A seemingly positive response may have negative implications, or an apparent turndown may offer hints on how to approach the bureau in a different way.

This inscrutable and dirigiste system may now be in a decisive phase. It is tugged towards liberalisation by the mounting international use of the yen and by the contact of Japanese banks with the free-wheeling world of international finance. It is restrained by the perception that Japan has done well with its system and that the current example set by Europe provides no great incentive to change it. Prindl predicts that the debate will be pursued with customary Japanese thoroughness.

Nicholas Colchester

Management abstracts

Apprenticeship: improvements for survival. C. A. Horn in Management Services (UK), June 81: p 22 (14 pages).

Argues against the apprentice system because, eg, it prevents entry by adults, makes retraining of older workers difficult, perpetuates restrictive practices; accuses unions and employers of refusing to change, and unfavourably compares UK schemes with West German ones; suggests improvements.

Not guilty, but fairly dismissed. A. Fowler in Local Government Chronicle (UK), June 19 81: p 632 (1 page).

Presents a "not untypical" case of an employee who was fired because of an alleged theft, found not guilty in court, but whose application to an industrial tribunal for unfair dismissal was turned down; discusses the thinking behind the decision, noting tribunals' "reasonableness" criteria in assessing cases.

Office politics. E. Raudsepp and J. C. Yeager in Administrative Management (U.S.), May 81: p 26 (5 pages, illus.)

Gives advice on how to survive and even prosper in office politics. Among the maxims are: be non-abrasively assertive, keep the boss happy, and remember that most people seek power—and that performance is rarely judged objectively.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p + p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Cottesloe

Summer

by MICHAEL COVENEY

Edward Bond's new play is set in Eastern Europe on a sun-baked terrace overlooking the sea and a cluster of small islands. In the first scene, Xenia (Anna Massey) returns to the house where she was born and where the old family servant, Marthe (Yvonne Bryceland), is dying of reticulosis. Xenia has come from England where she is married to an army officer and manages a boutique. The time is the present.

The last War looms large and talk of partisans, concentration camps, Greek gods and civil strife after the international holocaust indicate we are in Yugoslavia. But Bond's band is kept close to his chest as, with some skill, he allows us to piece out his imperfections with our thoughts. In each of the seven scenes we accumulate more clues to the relationship of these two women and the grumbling resentment with which the maid views her colonial guest. Xenia's father had died here. He had worked with the partisans. He had also entertained German officers in the house and rented the islands to them for the imprisonment and destruction of prisoners.

The crucial story from the past is how Xenia intervened on Marthe's behalf when she was about to be shot. This act of kindness was the final insult, and Marthe has waited 40 years to spit in Xenia's face. This she does before dying in the arms of her son (David Yelland) who is in love with Xenia's daughter (Eleanor David).

There is a lot of moralising

Yvonne Bryceland

Leonard Burt

flab on the bones of the story, most of it provided by old Marthe whom Miss Cryceland plays on an ultimately monotonous note of cowering disgust in a bad white wig that has the unfortunate effect of making her look like Donald Duck. Miss Massey responds with a steely haughtiness, blundering insensitively on the edge of the old woman's physical disintegration.

Hayden Griffin's set is reversed at one point to reveal the rocky slabs and grey dunes of an island beach, where Xenia is accosted by a German tourist (David Ryall) who was a Nazi responsible for the war-time atrocities: ("It wasn't a bad camp" he babbles, "we didn't burn the corpses.") The dead refused to sink in the sea, many of them floating away still holding bands.

Although the atmosphere of retribution and guilt is tautly maintained, there is a curiously inefficient air about Mr Bond's production (like so many playwrights, he really is not the best executor of his own work).

The writing is best in its use of such recurrent themes as the spell of the sea, the hideousness of the new hotel along the beach with its discothèque and vile tourists, the symbolic tentativeness of the young love affair, the sense of past horrors and strife poisoning the possibility of a healing regeneration. But although Bond preserves his moral indignation intact, this is not one of his finest hours.

Festival Hall

Marriner and Ousset

At their best, which these days is more frequently heard than not, the Academy of St Martin-in-the-Fields are still far and away the most exciting of all British chamber orchestras. The performance of Schumann's fourth symphony with which they ended their concert on Wednesday was a tour de force of unrelenting energy and precise, fizzling attack. Rhythms were quick and shapely. Colours were bright and sharply defined. As a corporate instrument of virtuosos, finely tuned, the Academy is uncommonly exciting to hear.

One really shouldn't complain about any chamber orchestra that sounds as good as this; and for such clarity of execution, as well as for the gripping momentum of the playing, the Academy's conductor Neville Marriner rightly takes his share of praise. Yet how much more, if he had chosen to, could Marriner have done with his band: not invariably, but too often, both in the Schumann and in the Haydn D major "London" symphony at the start of the evening, he would opt for the full, four-square emphasis, the delivery of a rhythm or a phrase solid and straight as an arrow, instead of marking its deviation, discovering inner colour and movement. Even without these it was a stirring performance; more richly (and it should be said, stylishly) nuanced it might have been great.

The concert's centrepiece was a robust and sparkling account, with the irrepressible Cécile Ousset as soloist, of Gershwin's piano concerto. When he proposed to study with Ravel, Gershwin was warned against the temptation to try to become "a second-class Ravel instead of a first-class Gershwin." Of all his orchestral pieces, the piano concerto most clearly reflects that temptation (which was by and large grandly and unequivocally resisted), and is perhaps the most noticeably perfumed with self-conscious concert-hall manners. The slow movement is really the concerto's high point, and has all the best tunes as well as the most striking and inventive instrumental combinations. But everywhere there are memorable moments; not to speak of much powerfully accessible piano writing, which Miss Ousset spun off, in the highest spirits, with memorable command.

DOMINIC GILL

Shaw

Macbeth by B. A. YOUNG

This is billed as a "workshop production"; it has a minimum of scenery — a plain wooden framework that can be made to suggest anything from a blasted heath to a banquet chamber — and is played in rehearsal dress. I thought it one of the most stimulating productions I have seen at the Shaw for quite a time.

It is uncommonly well spoken — and when I say "uncommonly," I am referring back to a fair number of recent Shakespeare productions where the verse-speaking has been anything but admirable. The company are all former members of the NYT, now established in the profession, and they are a credit to the training they had under Michael Croft, who directs this production with Edward Wilson (also to be seen as Banquo).

Effective patterns are made with the cast of 13, who encompass all the parts between them save the Macduff child, for whom they couldn't find anyone young enough. There is genuine mystery about the witches, crouching on the ground, or huddling over the patch of crimson light that suggests their cauldron. The lights are also used effectively for the final assault on Dunsinane, when an arc of green light creeps from the back to the front of the stage, to give way to dazzling white when the troops lay their Birnam branches down.

Kate Buffery was a very good Lady Macbeth, affectionate and sinister at once with her husband, firmly in charge at the banquet, sadly resigned to the sleepwalking. She and James Simmons, as Macbeth, were the most musical to listen to out of a genuinely musical company.

There was a short session afterwards where the young audience was able to ask questions about the production and asked some pretty sensible ones. The NYT's professional Workshop Company could be a valuable adjunct to the enterprise if it is always going to be as good as this.

Cinema

Tasmanian Tales by NIGEL ANDREWS

Manganinnie (U) Paris Pullman

Ghost Story (AA) Ritz

Ticket to Heaven (AA) Classic Haymarket, Odeon Kensington

It Hurts Only When I Laugh (AA) Columbia

U.S. Black Independents and Inside! National Film Theatre

Push to one side as gifted also-rans the *Gallipolis* and the *My Brilliant Careers*. The best Antipodean film of the 1980s thus far is *Manganinnie* from Tasmania. In Down-Under cinema, the sleek verities of Civilisation have bumped into the mystic oddities of aboriginal atavism before: in Peter Weir's *The Last Wave*, in Fred Schepisi's *The Chant of Jimmie Blacksmith*, even in Nicolas Roeg's Aussie-set odyssey *Walkabout*. But *Manganinnie*, set in the 1830s and telling of the Bush-trekking friendship between aborigine woman and a lost white child, treats a tale of colliding cultures with a tiptoes poetry never tapped before and a wonderful alertness to the sounds and sights and silences of Nature, and the symbols limned in her traceries like picture-puzzle clues.

Little Joanna (Anna Ralph) is the goofily-impassive tot of a stiffly proprietorial English family bringing Victorian virtues to the outback. One day his spawn of all-things-civilised—reared amid white lace and Bible stories and grace-before-dinner—wanders off from her *kinfolk during a picnic*. She falls into the unlikely bands of a spook-eyed Aborigine woman (Mawuyul Yathalawuy), sole survivor of her slaughtered tribe. (The British were busy at the time careering through the outback with swords and guns, indulging in some basic population control.)

What follows is a sort of all-female "Me Tarzan You Jane": two innocents touching and communing, virtually without words, in a primeval wilderness alive with curious marvels (from waterfalls to wombats) and punctuated with occasional throbs of doom. Thunderstorms; searching parties; the loss of fire (Manganinnie's position in the tribe was as carrier of the magic brand); and a brutal band of seal-hunters. Joanna and Manganinnie dodge or outwalk or survive most of these lobs of Fate—more by accident (or the faith of innocence) than judgment—and forge a kind of love and even a kind of language.

"Come the dawn," the dream finally cracks open on the gaunt rocks of reality, and the unlikely companions are separated. But not before Nature and Nurture have swapped priceless wisdoms: and not before director John Honey has made the thorny Tasman landscape, a tangled godless acreage of greys and greens and browns with a sliver-of-river or two, into a world of mirage and miracle. Manganinnie daydreams a vision of her tribe in a babbling brook; a landscape-with-a-stream warps and wavers as she looks on (is it a heat shimmer or the refraction of tears?); woods and trees camouflage sinister shifting figures. *Manganinnie* is the first-ever feature film from Tasmania and it's a visual and dramatic marvel.

In "Moby Dick," when sailors home-from-the-sea checked in at the Spouter Inn for a bite to eat, there was no need to look at the menu because chowder was the only thing on it. The proprietress merely poked her head round the door at frequent intervals to shrill at new guests, "Cod or clam?"

In *Ghost Story* the answer is both: cod-Gothic with some choice gobbets of clammy terror. Four actors between them clocking up three centuries — Fred Astaire, Douglas Fairbanks Jnr, Melvyn Douglas and John Houseman — are the founders and sole members of the "Chowder Society," which meets every midnight in their snowy New England town and gives vent to the telling of gruesome ghost stories.

Witness the dismay of the Fearless Four when a real female gost starts getting in on the act, played by Alice Krige with moonstruck smirk, moon-walk gait and Flapper clothes, and haunting the oldsters with memories of their murderous attentions to her back in 1930. (She was only a simple college girl, but Death topped the curriculum.)

*

Paced for most of its early broodings in cod-horror *andante misterioso*, *Ghost Story* rises to a few authentic clammy climaxes later on, but it is a long wait. John Irvin, who hung widow-weeds of funeral deliberation over *The Dogs of War*, is clearly not a director for sudden hornpipes of carefree vitality. The film is painted inch-thick in semi-impenetrable murk — greys and browns and oozy blacks — like a production of *Hamlet* on a foggy night on the M.1. When gay blade Doug Fairbanks is knocked off in Reel 1 and Melvyn Douglas follows a little later, most of the talking is done by Ciceronian John Houseman — with his ever-so-portentous locution — and Fred Astaire, whose flickery tenor is encouraged to pace itself out with spook-eyed pauses.

Once or twice the blood does oblige by curdling. A lady's head emerges from the bathwater to let out an ear-splitting scream; a young man bends to kiss his beloved's face on the pillow only to find that it has turned overnight to pop-eyed *guacamole*. For the most part, four veterans who saw valiant front-line duty in vintage Hollywood deserve a sprightlier showcase than this.

*

Ticket to Heaven gazes upon the sinister indoctrinations and Cheshire-cat smile of Moonieism and its kindred cults: all those take-the-money-and-pray false religions, tuned to the lingering '60s love affair with Orientalism and do-it-yourself nirvanas, which show that the way to a man's purse is through his spiritual suggestibility. Canadian writer-director R. L. Thomas cuts a smoothly credible narrative path along the primrose trajectory of enticement and enrolment, and then switches into rousing reverse for the attempt, by friends and family, to kidnap and "deprogramme" the ill-fated hero.

Said hero, handsome, shoulder-haired and bedenimmed (Nick Mancuso), is plucked from the heart of San Francisco, where he kicks his heels in the wake of a broken love affair, to a summer camp where at friends' behest he agrees to sojourn for a long weekend. Camp-fire songs and back-slapping badinage soon turn insiduously to prayer meetings and weirdo communal anthems.

And sure enough, after prelidal scoffing, he's soon cropping his hair, donning an uncharacteristic suit-and-tie and going out onto the streets with other "Heavenly Children" to cull donations for their leader (the unseen "Father") from gullible passers-by. Can his pals and parents (from S. Francisco and environs) and hi-jack him before basic brainwashing turns to *complete mental laundering* plus retexturing?

Seek not to know for whom the movie's warning tolls—it tolls for thee. The strength of *Ticket to Heaven* is that each cause-and-effect trigger-action in the story clicks loud and true, and you never slip away from the magic pull of its persuasiveness. See, learn, inwardly digest and tear up instantly that holiday brochure you've just received for "Moon and Sun" summer camps.

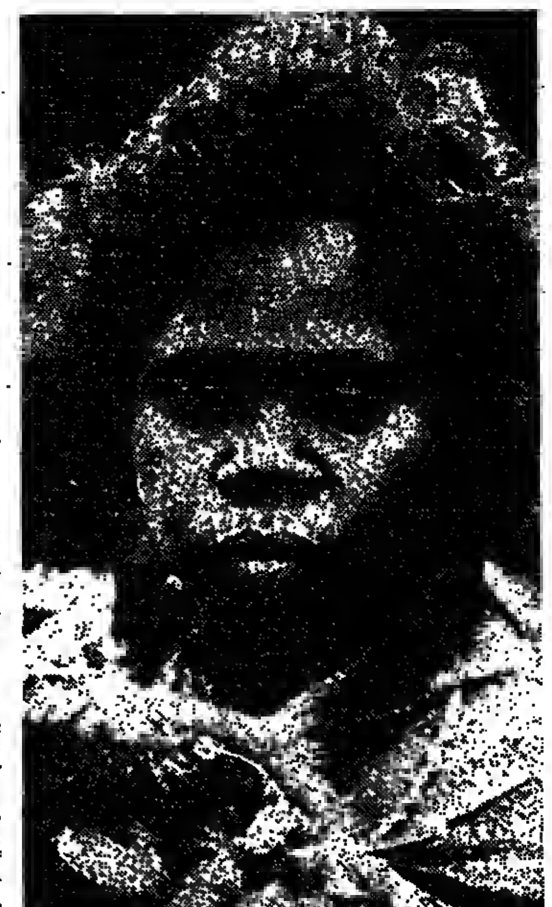
*

Neil Simon and Marsha Mason, America's most feted married-twosome of the pen and the greasepaint, yoke themselves comedically together again in *It Hurts Only When I Laugh*. Can Miss Mason, purposed and pugnacious and prone to attack the liquor cabinet, overcome her fondness for spirituous fluids? She sallies forth from a "drying out" clinic at the film's beginning, to do battle with her ailing career as a Broadway actress: and with such well-Simonized welcome-homers as failed gay actor James Coco, paying out merry quips from his capacity diaphragm, and pretty-spitfire daughter Kristy McNichol who's determined to keep Mummy in breathalysable shape for her starring role in an upcoming play by her (Mummy's) ex-lover which chronicles their (Mummy and the ex-lover's) ex-love affair.

Confused? The plot is a little bit too much of everything. But fear not, you need merely put your ears out on antennae for the one-like jokes and jests, which are among Simon's best since *The Goodbye Girl*. Mason and Coco go at them with contrastingly ravening appetites—she chewing them for maximum ferocity and bitter-sweet force, he snapping them off in pinpoint pique or with eye-rolling campy melodrama. And every so often, between bouts of rapier wit, they both (plus Kristy) troop off to visit self-dramatising best friend Joan Hackett, who wears the best clothes in town and is elegantly falling apart inside them. As Hollywood films go, this is more a Broadway play. But the performances are a treat, and its worthwhile lines are well worth lining up for.

Sterner stuff is contained in two concurrent seasons commencing next week at the National Film Theatre. "A Festival of Black Independent Cinema" tours recent U.S. cinema by, for and about blacks. The season is a heady meld of fact and fiction, drama and documentary, and well worth exploring.

"Inside" is a season of films about the "inside": devoted to explaining that despite rumours to the contrary stone walls do a prison make and iron bars a cage. Thrill to *Brute Force* (Burt Lancaster and a cast of seething film noir shadows); spend *20,000 Years in Sing Sing*; sympathise with *The Loneliness of the Long-Distance Runner*; and shudder at the *Riot in Cell Block 11*.



Mawuyul Yathalawuy and Anna Ralph in Manganinnie

Naples and Nigeria in Piccadilly

Important autumn exhibitions of Neapolitan and Nigerian art are the main offerings from the Royal Academy in 1982, unveiled yesterday at the annual Press conference. From October 2-December 12 there will be a display of 17th century paintings from Naples, from Caravaggio to Giordano, and embracing over 150 paintings. Martini and Rossi is sponsoring the event.

On November 13 Mobil is sponsoring Treasures of Ancient Nigeria, a legacy of 2,000 years. This exhibition has already been a success in the U.S. and includes art from the Benin culture among the 100 exhibits.

As usual the work of the Royal Academy is dominated by financial considerations. In 1980 the Academy ended the year £400,000 in the black due to the success of its Post-Impressionist exhibition; last year it moved £400,000 into the red. It major show, Great Japan, will reach its target of 500,000 visitors but has not proved a great commercial bonanza. During the days of the rail strike the Royal Academy is reducing the price of admission to Great Japan by £1 to £2.

Because of its chronic financial difficulties the Royal Academy depends on commercial sponsors to maintain its busy schedule of exhibitions. Apart from Martini and Rossi and Mobil, BATS is underwriting an important display of the art of Murillo early in 1983, which will be followed by The Hague School: Painting in Holland, 1800-1860, backed by Unilever. This will run from April to June next year.

As well as the Summer Show, which commences on May 15, other exhibitions at the Royal Academy this year include Harold Gilman, supported by the Arts Council, whose works are on display from February 25; the Burlington House Fair, from March 11-21; Chinese traditional paintings in the summer; Elizabeth Blackadder in July and August and Contemporary Art from India in the autumn.

In an attempt to safeguard its future Sir Hugh Casson, the President of the RA, yesterday announced a public appeal which will be officially launched on June 23 with a great celebration at the Academy. Everyone will be encouraged to contribute and there will be privileges for major supporters.

ANTONY THORNCROFT

CONTINUED ON PAGE 20

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

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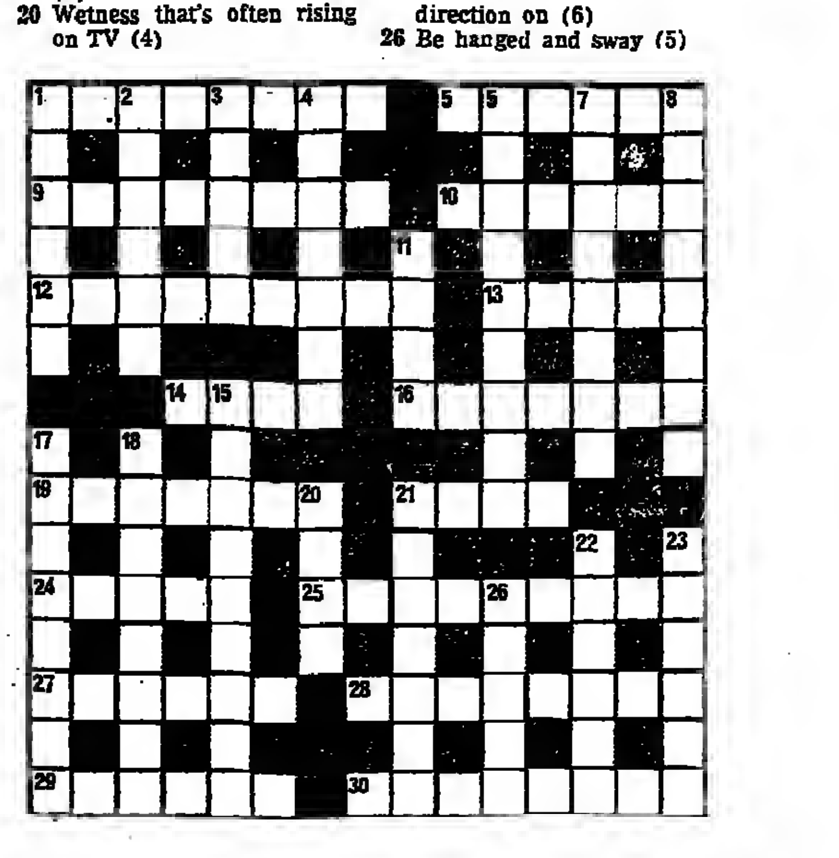
F.T. CROSSWORD PUZZLE No. 4,784

ACROSS

1 Free from engagements as a palm may be (8)
5 Play for money with doctor in outburst (6)
9 Bird capable of being easily deceived (8)
10 Telephone for conscription (4,2)
12 Team to follow and divert (4-5)
13 Some French state of a nobleman (5)
14 100 sq metres, a piece of ground (4)
16 Face pain in knightly splendour (7)
19 Very pleased yet disgruntled (7)
21 Keep out of sight, the cow's outside (4)
24 Textile fibre from sheep that is . . . (5)
25 . . . and make money with relish to be served with lamb (4-5)
27 Large drink for a nightcap (6)
28 Helped a ship before bad tides (8)
29 Anger, and anger it may be with a note to follow (6)
30 Sways chap to become a burglar's accomplice (8)

DOWN

1 Arrange a syllabus (6)
2 A sword-blade to dole out (6)
3 The smallest left a quarter (5)
4 The fruitless concubine? (7)
6 Deserted a group of musicians one day (9)
7 Tap and dance with bird (8)
8 Fence on which pears lie perhaps (8)
11 A container to jump over (4)
15 Telephone around after roofing material (9)
17 Mark a honey collector or beetle (8)
18 One who searches for a queer army officer it's said (8)
20 Wetness that's often rising on TV (4)
21 Carpenter's tool, worker observed (7)
22 Singular duty and usage (6)
23 Sinew in stretch in some direction on (6)
26 Be hanged and sway (5)



Solution to Puzzle No. 4,783

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Telephone: 01-248 8000

Friday January 29 1982

Tackling the Irish problem

THE FALL of Dr Garrett Fitzgerald's fragile coalition in the Irish Republic on Wednesday has dismayed investors and may nurture the long-standing suspicion that Ireland is still wedded to the illusions that have brought it to economic crisis. The truth appears to be much less discouraging. Both the contending parties now recognise the need to tackle the problem of ballooning debt which is undermining confidence in the Republic. In an election fought on this issue, Dr Fitzgerald appears to have the lead in credibility as well as in personal popularity, though his party, Fine Gael, is always running from behind. Whoever wins, it is to be hoped that he achieves a reliable majority; the outcome could then be more realism, not less.

Programme

The nature of the Irish economic problem is readily misunderstood by those who think in terms of larger and richer economies. A balance of payments deficit equal to 13 per cent of national income, an exchequer deficit nearer (pre-Budget) to 17 per cent, and a programme of public sector investment amounting to nearly a fifth of GDP look like the ingredients of national bankruptcy. Add an inflation rate of 20 per cent, and pay settlements of the same order, and one might suppose that the competitiveness necessary to earn a living internationally is fast disappearing.

However, there are other figures which paint a different picture. Output and productivity have been rising rapidly, and manufactured exports are up nearly 15 per cent in volume in the current year. Ireland is trying successfully to harness some of the benefits it has enjoyed from the EEC farm policy to develop a modern trading sector, and the debts and deficits partly reflect rapid development.

However, official foreign debt has been growing at an unsustainable rate, with debt interest alone now absorbing three per cent of national income, and a programme which envisages a further £1bn of borrowing this year. This is partly the result of an exchequer balance which is in deficit to the tune of more than eight per cent of national income on current spending. Dr FitzGerald's Budget was the first stage of a four-year programme to bring the current budget into balance, promising large long-term reductions in official borrowing and in the trading deficit.

Cynics may still ask whether an economy which has drifted into this state is likely to show the willpower to get out of it; but Irish economic management has been hampered by a number of illusions which have now generally faded. The new realism is the result, and should prove durable.

First, it must be remembered that until Ireland joined the European Monetary System, she was an offshore member of British monetary economy, and macroeconomic conditions were effectively set in London. National policies could be framed with little reference to the balance of payments or the flow of capital.

Subsequently, the unexpected rise of sterling during 1979 and 1980 brought relief to the Irish productive economy, half of whose external trade is still with the UK. Inflation naturally got worse, but competitiveness improved. This illusion was rudely destroyed last summer when sterling came down again, and its more recent stabilisation has provided for the first time a reasonable planning frame. Even then, however, one illusion remained: the persistent hope of an imminent oil strike in Irish waters. This too seems to have faded.

Boldness

Dr FitzGerald's proposals in these circumstances were a mixture of necessary harshness—sharply higher VAT and taxation of welfare benefits—some softness on capital spending and welfare, and boldness in pressing ahead even in difficult times with structural reform—a familiar blend of realism and touches of Quixotry. Making due allowance for our natural prejudice in favour of a former colleague, who reported Irish affairs for this newspaper for many years, we would have approved his proposals and now wish him well. More detachedly, we must wish Ireland a decisive outcome and a realistic new Government.

BL's unfinished business

FOR SOME years British Leyland, now BL, has been regarded, perhaps unfairly, as a symbol of Britain's industrial weakness. Crises of one sort or another have occurred with depressing regularity; the process of decline has seemed irreversible.

There now seems a possibility that the corner may have been turned. A rigorous programme of factory closures and productivity improvement, coupled with investment in new models and new equipment, has brought the company to a point where it may at last be able to move forward rather than back.

So far the improvement is more apparent in BL Cars than in Leyland Vehicles, the truck and bus division, which has just been hit by a serious labour dispute. Production at the two main factories has been halted by a protest over the company's rationalisation plan, which involves the loss of over 4,000 jobs. The bitterness of the workers is understandable; the truck and bus business used to be regarded as the most dependable part of BL, in marked contrast to cars. But it has been affected by past neglect of product development and more recently by a severe fall in the domestic market. Action to reduce costs and bring capacity into line with demand had become unavoidable.

Grievance

In addition—and this is another source of grievance—the company has decided it no longer has the volume to be as vertically integrated in major components as it was in the past. It has already made arrangements to buy in a gearbox from Germany and is negotiating with an American partner a scheme for joint engine development.

While these structural changes will improve the economics of the business, Leyland's position in the world truck industry remains weak; a larger share of the Continental market, in particular, is still badly needed. The case for some form of collaboration on marketing as well as production—which has been mooted in the past—remains valid. But neither form of collaboration is feasible until Leyland Vehicles puts its own house in order. Any chance of rebuilding the company will be frustrated unless it can persuade its employees to co-operate in the streamlining programme.

On the car side most of the factory closures have been implemented or agreed, and the outlook for sales is somewhat better. BL's share of the UK car market rose last year after a long period of decline and the management hopes for a further gain this year.

Sir Michael Edwardes, chairman of BL, told a House of Commons select committee this week that overmanning in the group would be largely eliminated by the end of 1982; from then on he hoped continuing increases in productivity would be offset by growing demand for the new models which would be introduced. Thus employment in the UK might stabilise at around 87,000 by the end of this year; this compares with about 172,000 at the end of 1977. (Some 4,000 of that reduction has come from the disposal of peripheral businesses—a process which has not yet been completed.) The surgery has been drastic, but it has not killed off the patient.

BL will need the rest of the £990m already promised by the Government, plus a further £150m which the company has indicated it will need for 1983-1984. Sir Michael told the committee BL should break even at trading level in 1983 and break even after paying interest in 1984. It is far too early to be confident that the taxpayer will get an adequate return on the investment in BL, but the trends do seem to be pointing in the right direction.

Constructive

A very important piece of unfinished business in BL Cars is to get relationships with the trade unions on a secure and constructive footing. Some progress has been made in the last few weeks on the composition of the union side of the joint negotiating committee and discussions are under way on a new procedure agreement. How soon a rational dialogue can be established remains to be seen, but the prospects should certainly be improved if the unions are not constantly battling the management over factory closures. BL is a crucial test case of whether the productivity gains of the past two years can be maintained and whether confrontation can give way to co-operation. Until management and unions can find a way of settling their differences peacefully, the risk of yet another "BL crisis" cannot be ruled out.

THE CLOSED SHOP DEBATE

'I just got stubborn . . .'

By John Lloyd, Labour Correspondent

THE ARGUMENT over the closed shop is one between two principles which are promoted by their supporters as moral absolutes: individual liberty versus common solidarity.

Nowhere has the clash of these principles been clearer than in the town of Walsall, perched on the north-east shoulder of Birmingham.

In July, 1980, two months after the election of a Labour council to replace a fissiparous alliance of Conservatives, Liberals and Independents, the new council signed a union membership, or closed shop, agreement with its manual unions. It was unusually thorough: 100 per cent of employees were obliged to be members, without the customary let-out clause for non-unionists already employed.

Letters from the unions—the National Union of Public Employees, the Transport and General Workers, General and Municipal Workers and others—went out to all council manual workers, reaching the 1,600-odd school meals staff just before they went on holiday: Nupe, which already organised three-quarters of the staff, was the main recruiter.

At least seven of the staff immediately determined that they would not join. Over the next few months, two of these were to change their minds. Another, a member of the Plymouth Brethren sect, was excused.

The remaining four—Mrs Wendy Clifft, Mrs Gloria Price, Mrs Irene Russell and Mrs Doris Todd—all opposed unions generally on political grounds. Mrs Todd, seen by her opponents as the "ring leader"—though all four came to their decisions independently—says: "I just felt I didn't want to join

The four dinner ladies who objected to the closed shop: (left to right) Mrs Gloria Price, Mrs Wendy Clifft, Mrs Irene Russell and Mrs Doris Todd

Nupe. There are some unions that are all right and some that are not all right."

Mrs Todd, a 36-year-old former Wren from Callendar, is strong-willed and, on occasion, outspoken. A photograph of members of the Royal Family is on a shelf of her immaculate council maisonette in the Birmingham suburb of Erdington.

She says of herself, "I was five years in the Navy and I served Queen and country and all that." But asked if she was a member of the Tory Party (as one of her opponents had alleged) she breaks out into laughter. "Me a Tory? Not at all. I've always voted Labour."

She worked with 16 other women at Streetly comprehensive where she made no secret of her refusal to join Nupe. One day, she says, she was summoned to the phone to speak to the Nupe kitchen staff organiser. "You have no alternative but to join," she told her.

Referring to a little diary in which she has logged events, Mrs Todd went on: "On the 18th of September some weeks after that I was working away. The organiser came into the kitchen. She told me: 'You're going to get the sack for not joining a union. Why don't you join.' I said to her: 'You are not my boss.' I read in the papers that Alan Fisher (the Nupe general secretary) gave £3,000 to the Morning Star and I'm not joining that kind of a set-up.'" (Nupe does not usually make donations of this kind. This one was in recognition of the paper's coverage of the union during the public service strikes of the winter of 1978-79.)

The organiser for the school meals staff is Mrs Doreen Bottomley whose husband, Mr Ed Bottomley is the full-time Nupe official for the area. The two women still display a lively dislike of each other: not surprisingly—Mrs Bottomley, like Mrs Todd, is strong-willed and a straight talker.

"My feeling about these particular ladies is this: 'If they've got such strong conscientious objections to joining a union why take advantage of the wage rises and improved conditions the union has won,'" says Mrs Bottomley.

Mrs Irene Russell, however—like Mrs Clifft and Mrs Price—is less easy to fit into the gladiatorial combat of Mrs Todd and Mrs Bottomley. She worked only 1½ hours a day at Blakenhall Heath junior school, and loved it. Children seemed fond of her, too: she is proud of a large package of farewell letters and cards, one of them inscribed "To the best dinner lady in the world—we hate unions but we like you." Matter-of-fact and pleasant, she says she thought little about unions except that they were too powerful.

Her opposition to joining was strengthened the more they tried to persuade her to join. "I just got stubborn and said, why should I?"

The four women were all told to appear before a disputes panel at the town hall in the first few months of 1981. Their reasons for refusing to join were judged inadequate.

Mrs Todd had written a letter to the panel which was read out in her presence. In it, she accused the council of wishing to see "the hammer and sickle above the town hall."

The women were given notice—during which period they could join the union and keep their jobs. None did.

By this time, Mr Ross McWhirter of the Freedom Association had contacted them and offered to fund legal action. The four agreed to take the case to an industrial tribunal alleging unfair dismissal. Earlier this month, the tribunal in Birmingham found in their favour and ordered Walsall Council to reinstate them. That same day, Mr Brian Powell, the council leader, said he would not.

It would have been surprising had he replied otherwise. For the closed shop was not just conceded by the council: it was one of its manifesto commitments.

However, Mr Powell and his colleagues opposed the dinner ladies for at last two other reasons. First, the election of Labour to the council 20 months ago saw a solidly Left-wing party come to power. While Mr Powell has avoided the high rates of some London boroughs, he has attracted attention for his policy of advertising for council officers sympathetic to the Socialist aims of the council.

There is no doubt that the policy is working. Young Left-wingers, from inside and outside the borough have joined enthusiastically: their politics are an important part of their qualifications for the job.

Second, Cllr Powell started work at 14, in printing: a trade which was the first to produce unions and the closed shop. As a compositor, he joined the National Graphical Association and worked in several shops in Walsall.

For these two reasons, the most powerful individual in Walsall politics and the ultimate employer of the dinner ladies is philosophically miles apart from them. Mr Powell and his colleagues are attempting something of a municipal revolution: the four women had to be brought into line to avoid what was seen as unfairness to others who had joined in either passively or actively. In any case, Mr Powell can see little morality in their position: to him and his colleagues, theirs is the rationale of the free loader.

For all its particular features, the case of the Walsall dinner ladies is unlikely to be the last of its kind. As Mr Tebbit's Bill passes into law and increases the leverage which can be exercised against the closed shop, so the incompatible principles which lie at the root of arguments about it will find other fields on which to clash.

Tebbit offers much greater compensation

THE WALSALL COUNCIL dinner ladies and the poultry plucker Miss Joanna Harris at Sandwell appear to have had a large hand in shaping the Government's second Employment Bill published yesterday.

They were sacked for refusing to join unions in closed shops. But they will not themselves benefit financially from the closed shop compensation schemes unveiled yesterday by Mr Norman Tebbit, the Employment Secretary. Since 1980 the grounds for claiming unfair dismissal from a closed shop have been widened and more people have been able to collect basic awards.

Mr Tebbit has now taken the unusual step of seeking powers to compensate closed shop "victims" who lost their jobs during the period of the Labour Government's 1974 and 1976 legislation—that is, up to 1980 when the Tories first legislated about the closed shop.

About 400 people, including the three British Rail employees who successfully pursued their case to the European Court, could qualify for restrospective compensation. The total cost of this exercise is estimated at £2m.

But, after the Bill becomes law, some time this summer, the individual sums of compensation will be very greatly increased. At present the median award in all unfair dismissal cases is only £600 although the theoretical maximum is nearly £17,000. Once the Bill is enacted individuals stand to collect £20,000 or more.

The Bill differs in two important respects from the consultative document published last November. The first novel feature is the retrospective compensation scheme. The second—and potentially one of the most controversial features of the Bill—is Mr Tebbit's decision to crack down on industrial action designed to block non-union work or to stop sub-contractors taking on non-union labour.

This could have an immediate impact on industrial relations on construction sites and in other areas of jealously guarded trade union monopoly like printing shops.

Mr Tebbit proposes to withdraw legal immunity for unions and workers who try to enforce the use of union labour. This step, taken after intense lobbying by construction companies and others, reinforces the decision already taken in the consultative paper to forbid the inclusion of union-only labour clauses in contracts and tenders.

The practice is most common in Labour-controlled local authorities (and, incidentally, Walsall Council, employer of the dinner ladies, is one of them.)

There are other more minor modifications to the Bill. But the main thrust remains the same — to apply severe financial disincentives to unlawful industrial action while at the same time narrowing the boundaries of what constitutes lawful action.

Here the principal weapon is to make it possible for employers to sue trade unions themselves, not, as at present, only individual workers or individual trade union officials. Employers will be able to get redress for unlawful breaches of contract and the damages they can claim will range from £10,000 to £250,000 depending on the size of the union concerned.

An attempt has been made to define the vicarious liability of the unions for strike action by their members. For most of this century, union funds have been protected.

The definition of a trade dispute, which helps determine when industrial action is lawful, will itself be narrowed.

Unions will not, for example, be able to stage sympathy strikes or boycotts to show solidarity with workers abroad without running the risk of damages nor will inter-union disputes be protected.

Closed shop compensation will, once the Bill is passed, be made up of several components. The basic award for unfair dismissal will be between £2,000 and £4,050. For loss of earnings individuals will be able to claim further compensation of up to £7,000.

However, the new system could mean further compensation payments. If the industrial tribunal did not order the employer to take the plaintiff back it could still make a special award of twice the employee's salary of a minimum of £10,000 and a maximum of £20,000.

The consultative paper suggested 2½ times salary with a £12,000 minimum and no maximum. This change is due mainly to pressure from the CBI. If, on the other hand, the tribunal did order reinstatement, and the employer refused, the special award would be three times salary with a minimum of £15,000 and with no maximum.

Tribunals will be able to ask whether the plaintiff has contributed to his own dismissal. The plaintiff himself will be able to "join," or cite, the union in the action at the start of the hearing, so making unions liable to pay part of the compensation.

All closed shop agreements would have to be reviewed every five years in a secret ballot and re-approved by 80 per cent of the employees covered or 85 per cent of those who took part in the ballot. Failure to conduct these reviews would allow sacked workers automatically to claim unfair dismissal.

Christian Tyler

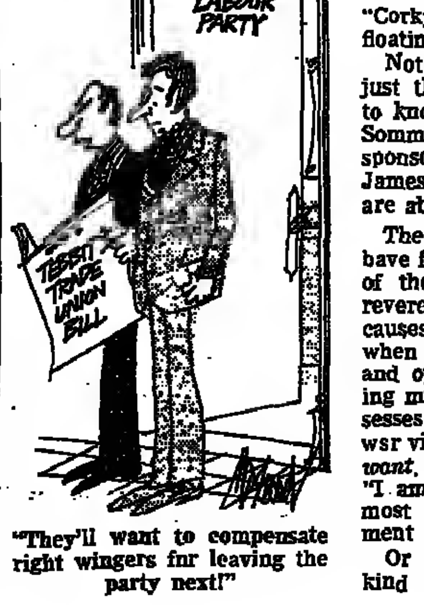
Men & Matters

Going for brokerage

I see now why British Airways is so enthusiastic about sponsoring the Salesman of the Year awards, which it does jointly with the Institute of Directors. A few more men like this year's winner, David Springbett, and the British Gas Corporation would have to look to its laurels as the public sector's profits champion.

For Springbett has logged more than three million miles on 1,828 flights in his business career, and is busing increasing that total by roughly 1,000 miles a day — all of it first class. His business is insurance, and his company, Pearson Webb Springbett, handles almost £200m of reinsurance premiums annually.

The going is not always easy. To get to Pyongyang, capital of North Korea, Springbett spent 26 hours on a train from China.



"They'll want to compensate right wingers for leaving the party next!"

He holds the round-the-world travel record, for a 44 hour 6 minute journey Los Angeles to Los Angeles, and is now preparing to se ta new city-to-city record between London and Wall Street.

Jet lag? Half-a-pint of liquid per hour, no alcohol, and not going to bed before nine in the evening is Springbett's answer. And not too much hospitality abroad, however firmly it may be pressed on him. He also claims the ability to "switch-off" altogether when the day's business is done, and finds hard labour around the home the best antidote to the working week.

His reward for all this comes "in six figures," though he points to the challenge rather than the money as his main motivation. If you've got anything worth insuring, be it in Kinshasa or Kowloon, the chances are you are going to meet Springbett. And, having met him myself, I would say the chances are that you will buy.

Premier crew

"Corky wine has pieces of cork floating in it. True or false?*"

Not as easy as it sounds, and just the sort of thing you have to know to win through in the Sommelier of the Year contest, sponsored by Grants of St James's. And what, while you are about it, is Buzbag?

The sommelier, in case you have forgotten, is the worst part of the meal: the man in the revered coat who telepathically causes your hands to tremble when you open the wine list, and operates those nose-twitching muscles which only he possesses when you choose a post-war vintage. "If that is what you *want*, Sir," he might then say, "I am sure you will find it a most uh, *diverting* accompaniment to the food."

Or rather, that is the worst kind of sommelier. The best kind is the sort of chap who made it through to yesterday's final, having already displayed his charm at table in a preliminary knock-out round, and now demonstrating his knowledge of wine in a Mastermind-format quiz.

The last two winners of the annual contest have, in fact, been women: but this year saw an all-male line-up of finalists facing Hugh Suter, Master of Wine, who was asking the questions.

Winner by a comfortable margin was Charles Piggin—specialist subject champagne—of Hamiltons restaurant in Manchester, three times a finalist and winner this year of a vinous week in Germany. If you offer Piggin a nice "*foxy*" wine, he will know immediately that you refer to its American grape content. And if he points you in the direction of the Inferno, worry not—he is suggesting a particolar Italian tipple.

** False. It only tastes of cork. And Buzbag is, of course, that well-known Turkish red.*

Fire below

Where, I ask, is the spirit of Drake and Nelson in today's Royal Navy?—Being *distilled* with caution, it seems.

Professor Jack Edwards of the Royal Naval College, Greenwich, and a pioneer of nuclear propulsion for submarines, has a sorry tale to tell of how the RN's conservatism baulked the initiative of our engineers.

The nuclear reactor is always placed amidships with an access tunnel through the compartment above it linking the two halves of the sub. Radiation levels in this tunnel are relatively high and the Naval Staff got quite concerned about the thought of its sailors dawdling there.

The boffins put their heads together. No problem, they announced, sketching out a scheme under which the sailors would be fired through the tunnel like torpedoes. The admirals decided that on the whole radiation hazards were less risky.

Gem-stoned

Diamonds may be forever but the snag about investing in a dishful is that there is no reliable market in which the small investor can buy and sell them.

Or rather, there wasn't until yesterday when Reuters news agency launched an addition to its computerised Monitor money rates service which is being billed as a new worldwide system for fixing diamond prices twice a day.

To get over the problem that no two diamonds are alike in size and quality, a standard unit of one carat made up of 10 stones of roughly 10 points each is being used. Yours, complete with waistcoat-pocket size plastic case, for $600 or so depending on whether you are buying blue-whites or just whites.

The venture is a plus for Reuters financial services, no doubt, and maybe a considerable boost for its partner, an Antwerp dealing concern called the Real Diamond Company which aims to grab a slice of the Krugerrands and gold Napoleon market.

Real Diamond expects $10m sales within a year—"or maybe $100m who knows? It's crazy."

To ensure the scheme's Brussels launch was a success, the Common Market Press corps was lured from the rival attractions of the farm prices fixing by promises of a real diamond for each reporter who attended. As one remarked cynically: "I'm only here for De Beers."

Observer

POLITICS TODAY

Life after the age of the train

By Malcolm Rutherford

THE CONTINUED disruption of British Rail this week provides a pretext for writing about transport policy, the basis which Conservatives are in danger of making of it, and the opportunities which the Government has to do so much better.

It may be that ministers and commuters are not actually saying to themselves that if the train-drivers' dispute goes on like this, perhaps we should plan a transport system for the year 2000 or thereabouts that eliminates rail altogether. But certainly the thought must have crossed the mind that we are not as dependent on the railways as we used to be.

As the accompanying tables show, the percentage share of freight carried by train (measured by ton-mileage) has declined steadily over the years. In 1953 the figure was 42 per cent. In 1979 it was 12.5 per cent.

The more detailed breakdown of goods shown in the top table is even more instructive. Probably almost everybody already knew that nearly all the goods that we buy in the shops are carried by road. Road transport is far the most efficient means of distribution for retail outlets. But the percentage of

Even people can get about without trains

heavier goods carried by road is also quite high: 78 per cent of iron and steel and other metals, for example.

There has also been the rise of the pipeline, which could be used for other materials than oil and gas. And, as we know from the experience of the past few weeks, even people can get about without trains if they have to.

All that is by way of a preliminary. The theme of this article is that no overall transport policy exists in this country. The Government has become bogged down in an argument with its own backbenchers over its modest proposals on the weight of heavy lorries to the point where it has become incapable of seeing transport policy as a whole.

Yet at the same time most of the big schemes coming before the Cabinet and affecting public capital investment are about transport, and there are ways of achieving investment without entering too far into what spending Ministers have come to call PSBR country—like Injun country.

Transport also matters to people in the sense that almost everybody uses it and everybody is dependent on it in one way or another. If the Government could put a coherent policy together, the rewards might not be negligible, including the electoral rewards.

Start with heavy lorries. The best base point here is the Armitage Report on lorries, people and the environment published in December 1980 and from which the accompanying tables are taken. It is one of the most civilised official reports that I have ever read.

What it says is that lorries are unpopular because they are perceived as too big in relation to their surroundings; unlike big buses, which people can at least get in and out of, they are not on a human scale. Yet they are also the most effective means of transporting goods, especially in an island like Britain. The problem is one of reconciling those two propositions.

Armitage recommended that lorry loads should be allowed to be heavier. Present maximum allowed laden weights are 32.5 tonnes, a limit set in 1964. The report said that they could be raised to 44 tonnes.

But there were some very important conditions. The change, it was argued, would have to be attended by much more stringent regulations on lorry noise, vibrations and fumes. In particular, there would have to be a greater effort to keep lorries away from people: for instance, by building more roads.

Paragraph 208 of the report amounts to a devastating critique of the way the road-building programme in recent years has been steadily cut back. It may be summarised as follows:

● the cuts have been disproportionately large when related to other public expenditure;

● capital expenditure on roads shows a high economic as well as environmental return and creates a permanent asset. Roads are, after all, part of the country's productive equipment, almost an extension of the assembly line;

● there are ways of taxing road-users which could be deployed to pay back the original investment on building the roads;

● if we do not build more roads, the problem of people and heavy lorries will not go away. Presumably it will get worse.

To his credit, Mr David Howell, the Transport Secretary, made an attempt to turn the report into Government policy last December. In one respect, he even deferred in advance to the environmentalists by saying that the maximum laden weight should be raised only to 40 tonnes—not the 44 tonnes proposed by Armitage.

True, his presentation of the issues in the House of Commons could have been better. But the point is that he ran immediately into a storm of criticism from his own party.

Mr Howell now says that he hopes to produce the Government's definitive proposals, designed after consultations with all concerned, before Easter. There is talk that the 40-tonne limit might be withdrawn in favour of some random compromise like 38.5, even though in this instance there is a strong case for going for harmonisation between Britain and the rest of the Common Market.

The European Community looks like settling at 40 tonnes. The volume of lorry traffic between Britain and continental Europe has been growing dramatically. As Mr David Crouch, the MP for Canterbury and one of the main Tory rebels against heavier loads, reminded the House of Commons last month, in 1967 only 21,000 lorries passed through the port of Dover. In 1979 the figure was 506,000.

Anyway, we shall see in due course what the Government comes up with. The main problem seems to be lack of co-ordination between the Government's desire to help industry by allowing heavier loads and thus cutting industrial costs — there might actually be fewer lorries if the permitted laden weight went up — and its approach to the road-building programme.

Picking up Armitage, the White Paper in December said that there would be more by-passes to go along with the introduction of the greater loads. It now seems that even more will be promised. There is to be a White Paper on roads shortly. And since the cost of road tender prices has recently gone down—a fact announced with great joy by Sir Geoffrey Howe, the Chancellor of the Exchequer, in his November financial statement—you would have thought that here was opportunity to build more roads even without increasing the budget.

What is not clear, however, is how far everything will be put into a single package on transport policy. It is quite possible, given the present way of thinking, that it will all come out in bits and pieces: the promise of a few more by-passes [buying off Tory rebels in the affected constituencies] to accompany the new statement on lorry loads, then a roads White Paper, then something about the Channel Tunnel and finally perhaps a discovery that you can build new roads without intruding too much into PSBR country.

There are some interesting ideas around in the private sector which ought to be taken into account. Wimpey and Tarmac, advised by merchant banks, have put up some schemes for financing the Channel Tunnel—or the "fixed link," as we are asked to call it—without too much claim on public expenditure. Treasury ministers are not at present greatly impressed. Indeed they are about as dismissive as they were last year of the plan for government support of a gas-gathering pipeline in the North Sea.

Still, it would be useful if the ideas could be aired rather more in public. Those involved in the fixed link—industry, the banks and the Department of Transport—are looking for at least a preliminary go-ahead within the next two months.

Some detailed proposals from Tarmac on ways of financing road-building from the private sector should have arrived on Mr Howell's desk today, though they were not entirely unexpected.

The theory is that Tarmac, and perhaps other construction companies, could raise the money to build more roads from the financial community. The Government could then help the companies to pay back what had been borrowed by charging a tax related to the usage of the roads that had been built.

There would still be an element of commercial risk, as Mr Leon Brittan, the Chief Secretary to the Treasury, has implied: must be the case if there is to be a marriage between public and private sector capital investment: the companies and the banks might burn their fingers.

But the basic idea offers three main advantages worth exploring:

● it would relieve the unemployment in the construction industry, almost certainly with some spin-off to other sectors;

● there would be little immediate claim on the PSBR;

● we should have more roads.

There is also a sub-committee of the little Neddy on civil engineering working on the same general question of how to marry public and private investment. Too little has been heard from it. Treasury ministers say that they would welcome viable ideas, but cannot act till they get them.

To conclude, however, on roads. The roads system in this country is incomparably better than it used to be, and much better than it is frequently made out to be.

There is still no completed motorway to Europe

(Even British Rail is not all that bad, when it runs.) But there are bottlenecks. London is a conspicuous example. There is also still no completed motorway to Europe.

The Government should build on what has been already achieved by removing the bottlenecks and supplying the missing bypasses. Ideally, it should produce a comprehensive White Paper on transport policy. If it carries on as now, the occasional problems can only become more serious.

HOW THE RAILWAYS HAVE LOST OUT

	1967/68				1979			
	Billion ton-miles	Percentage by: road	rail	pipeline	Billion ton-miles	Percentage by: road	rail	pipeline
Food, drink and tobacco	11.0	93	7	—	15.9	98	2	—
Building materials, timber and aggregates	14.0	90	10	—	14.5	88	12	—
Coal and coke	8.8	28	72	—	6.1	31	69	—
Crude oil, petrol and petroleum products	4.9	40	29	31	11.1	29	14	57
Chemicals and fertilisers	4.0	83	17	—	5.9	90	10	—
Iron and steel and other metals	8.0	67	33	—	8.1	78	22	—

	Billion ton-miles						Percentage share	
	1953	1958	1963	1968	1973	1979	1953	1979
Road	19.7	25.2	35.1	48.3	55.3	64.0	36	65
Rail	22.8	18.4	15.4	14.7	15.7	12.2	42	12.5
Coastal shipping	11.9	—	14.9	15.0	12.6	16.2*	22	16.5
Pipeline	0.1	—	0.5	1.5	2.9	6.3	—	6

*Note: 1978 estimate

An article by Samuel Brittan on this page yesterday referred to measures which might reduce unemployment over five years by "less than 2,000,000." It should of course have read "less than 200,000." The subsequent reference to "non-change projection" should have read "no-change projection." The transcription errors are regretted.

Lombard

Adding sparkle to the Budget

By David Marsh

PRESIDENT REAGAN'S plans to inject a touch of Hollywood sparkle into the international debate over Poland has added emphasis to the Armstrong committee's proposals for an alternative presentation of the UK Budget. The Financial Times has obtained a copy of a confidential Conservative Party Central Office minute setting out one such alternative, aimed at increasing public sympathy for the Government's policies. A re-vamped Budget, in the form of a 90 minute television spectacular to be called, provisionally, "Spending's Never-Ending" would, it is estimated, attract a large world-wide audience and bring invaluable benefits to the invisible balance of payments.

3.00 David Frost conducts viewers on an introductory tour around the centuries-old Palace of Westminster. What the Speaker had for breakfast. MPs join in warm-up Community Singing, led by Cilla Black.

Helicopter

3.25 Sir Geoffrey Howe arrives by helicopter in House of Commons car park. Having discarded the traditional Budget Box in a special Thames-side ceremony, he carries a gaily-coloured Spending Satchel containing the Government's recipes for national recovery.

3.30 Sir Geoffrey starts his Spending Speech with a brief resumé of the world economy, making the familiar point that governments everywhere are in a great deal of trouble. The French Socialists are having to reduce their spending plans too . . . cut to scene of President Mitterrand having face rubbed in custard pie outside Elysée Palace. Unemployment, after all, is going up in Germany as well . . . cut to sequence in which Chancellor Schmidt is thrown into Rhine by Jimmy Saville.

3.40 Sir G. outlines extent of Government support for unemployed. Cut to scenes of glamorous Treasury Birds handing out £5 notes to Johcentre queues.

3.45 Milton Friedman, seen eating an orange in Californian citrus grove, explains government policies. To stress Anglo-American policy understandings, cut to excerpt of Gordon Richardson dancing fox-trot with Nancy Reagan at Bank of England Summer Ball.

3.50 With aid of graphs and visual aids, Sir G. outlines strength of sterling and rise in reserves since Government took office. Cut to Mike Yarwood doing funny impression of Harold Wilson announcing pound devaluation. Shot of Continental economists and bankers lining up outside 10 Downing Street to seek advice.

4.00 A nutrition expert speaks. Explanation of Government's new Money GDP target—Money Gives You Diet Problems.

4.05 Popular Leon Brittan QC introduces Grand Final of Family Budget Quiz. Index-linked Savings Bond prizes for most original proposals for household efficiency and incentive - creating pocket - money schemes.

4.10 Defence feature. Sir G. explains why spending on aeroplanes and submarines must go up. How to drive a Chieftain tank, with Mark Thatcher (subject to No 10 approval). Mike Yarwood does imitation of President Brezhnev being de-bagged by The Two Ronnies (not previously seen on British TV).

Red Devils

4.15 Education spot. Sir G. announces necessary cuts in school-books allowances and university places. Cut to sequence with Emir of Kuwait explaining why he still sends his sons to Sandhurst in spite of everything. Sequence with Red Devils carrying out aerobatics over Arabian desert.

4.20 THE BUDGET HIGHLIGHTS: Six pence on fags, two pence on beer, etc. What it all means: David Coleman and A Panel of Experts.

4.25 Guests and dignitaries depart. Sir G. whisked away to attend evening Royal Gala Performance.

THE END

Letters to the Editor

Who is past saving: Peter Shore or the EEC?

From Sir Fred Catherwood, MEP for Cambridgeshire and Wellingborough

Sir,—I have come to the sad conclusion that Peter Shore is past saving. The contradictions in this patriotic pro-American member of the British Labour Party have gone too far to be reconciled. This dedicated socialist wants the world economy to be run by the summit of the seven rich nations or, if that is too democratic, by the Trilateral Commission. Within the party he will fight, fight and fight again for NATO. Since the European Community, we must move for decisive action to "global groups." Regrettably in the straitjacket of a clearly obsolescent ideology, he is coming to end of his potential.

But, however quaint his alternatives, he is still his party spokesman for foreign affairs and his criticisms of the European Community have to be answered. The heart of his complaint is that the Community is ineffective and cannot reform because the original treaty suited the Six and does not suit the Ten, including Britain.

But the problems of decision-taking have nothing to do with the Treaty. They lie with the acceptance by the Council of a veto from any member state. Originally this veto was introduced to protect *vital national* interests, but in Britain's first years of membership, the Labour Government used it *freely and others now use it* freely too. So though the Parliament's votes show a *majority* in the Community for reform, *the Council have to* wait until there is a crisis before they can achieve unanimity.

Peter Shore cannot have it both ways. He cannot complain of loss of sovereignty and call for repatriation of the constitution when his party in office so freely exploited the use of the veto, whether the issue was major or minor. And he cannot complain that the Community is unable to reform itself while still insisting on the right of the veto which makes each reform such a long drawn-out process.

The majority in the Community for reform of the CAP, though temporarily blocked by the anti-democratic practice of the Council, will eventually prevail and the CAP will be made more responsive to the needs of the market both within the Community and overseas.

Meantime world prices for food are rising almost wiping out *Britain's* payment to the Community budget—and making the case for budget reform harder to press. This rise in *food prices looks like* a long-term trend. World population is exploding, the collectives of the Soviet system cannot feed their *people, the economies of* once prosperous food-exporters like Uganda and Ghana are in difficulties, the desert is spreading, the cost of energy input has risen sharply and over-fishing has put stocks and breeding grounds at risk. It seems more sensible as food becomes scarce and costs rise to plan a reliable food supply than to depend on the tender mercies of world markets. The patriarch Joseph was a better planner than Peter Shore.

But the immediate crisis is employment and it is just not possible for a single nation-state to re-create employment on the scale which is needed. The EMS has given a zone of currency stability and Britain, kept out by Denis Healey, should join as soon as we can and help to strengthen it against the unstable flows of hot money chasing interest rates around the market. Europe also has the scale to offer proposals to the desert oil producers which could stabilise the oil price, get their huge unspendable surpluses *back into useful circulation* and so deal with the economic depression at source. *The Parliament* and Commission have both been hard at work on that, with the encouragement of the Council.

Politically, Britain has no alternative. After the second de Gaulle veto, I canvassed the possibility of an American-centred political grouping, but the Americans themselves wouldn't have it. They wanted Britain in the Community. Post-Vietnam, post-Watergate, post the vacillations of Jimmy Carter and today above all, we are needed *to hold* the alliance together: but to do that *we need a commitment to* the Community which no one can question.

Fred Catherwood.

7, Rose Crescent, Cambridge.

Wage awards and incentives

From Mr J. Woodthorpe.

Sir,—Your report (January 13) that General Motors has agreed to cut car prices in return for wage reductions suggests that once again our overseas competitors may be setting us an example.

We in Britain appear to have forgotten that wage awards do *not even justify* price increases in the first place. They should be *paid out of* improved productivity, or not at all. Otherwise they will simply result in price increases which lead to further wage *awards*, which lead to fresh price increases and so on, ad infinitum. If competition does not follow suit, such price increases *inevitably* lead to declining volume, narrower margins and *eventually* to redundancy, closures and unemployment, a cycle with which we have become only too familiar in this country.

Unfortunately industry has too often been mesmerised by the message that he who raises price last loses the race, so that it has temporarily lost sight of these and other such basic economic truths. Declining volume—like a wage award—does not *justify raising* prices, whatever many a nationalised industry may *think*. Nor do higher interest rates, which under normal circumstances simply reflect capital supply and demand rather than Government intervention. Increased import prices are typically other countries' inflated wage and capital costs, and there is no reason why the UK customer should pay for them either. Lastly, rising prices to reflect h[illegible] caused by a weakening pound is only likely to lead to an acceleration of the non-competitiveness which led to the weakening in the first place—albeit indirectly, and later.

The real trend in prices should be down—not up. Management is about improving productivity and innovation. Increasingly the most competitive private sector companies in even the most mature industries can illustrate the point. However, until the realities are acknowledged by every UK industrialist, union leader, wage earner and politician, let alone by ASLEF, we will never beat inflation or unemployment—as at least socialist France appears to be recognising.

Holding prices, or better yet reducing them, is the key to beating wage inflation and remaining competitive, as GM and the UAW appear to appreciate. Unions cannot bargain for wage awards to meet cost-of-living increases which do not take place. Moreover making it clear that higher pay will only be earned through higher productivity *is the most* likely way to encourage productivity improvement.

Price controls are no more the solution than pay freezes. Fortunately another remedy is readily available. For, apart from the customer who makes the decision that really counts, the people who finally agree wage claims and set prices are the same—management. By voluntarily freezing prices—not just for a few months, but indefinitely—and working to maintain and improve margins by stimulating demand and better managing *costs*, they might appear to be taking an unjustified risk. *But it is one* which could lead to a demand-led revival in the country, and a return to economic sanity.

John Woodthorpe.

54 Eaton Place,

London, SW1.

Building society management

From Mr Peter Maxted

Sir,—Your recent survey on building societies poses the question as to whether they will be able to meet the competition of banks in the mortgage field and the Government in attracting the savings of the public. My view is that they will be able to do neither unless there is a minor revolution in their boardrooms.

For years societies have been run by a collection of well-meaning amateurs supplemented by ex Chief Executives. Attendance at annual general meetings has been sparse and armed with the proxies of staff directors have been able to re-elect themselves year after year. If one looks at the composition of most building society boards one is *immediately struck* by the advanced age of most of the directors. Although the Building Societies Act provides for a retirement age of 70 the rule has been circumnavigated by many societies with the result that cut-of-date ideas prevail and executives become *frustrated*. It is very surprising indeed that *the Chief Registrar* has not seen fit to ask these aged gentlemen to step *down*.

If building societies are to meet the challenge of the '80s young vigorous leadership is required. If this cannot be achieved we shall see the gradual decline of a once great movement.

Peter Maxted.

201, Finchley Road, NW6

Date for changing base rates

From Mr E. H. R. Bygrove,

Sir,—Is it not time that the banks advertised changes in their base rates in plain language? What are we supposed to conclude from Midland's "Effective from January 25" *and Williams and Glyn's* and Barclay's "With effect from *January 25?" Do they* mean the close of business on the 24th or on the 25th? There are several other similar instances.

Full marks on the other hand to T.S.B. for telling us that their change is "From the close of business on Monday, January 25" and to Standard Chartered "On and after January 25."

Surely it is not too much to expect to be able to understand the message that these advertisements are intended to convey.

E. H. R. Bygrave.

32, Stalham Road,

Horeton, Norwich.

UK COMPANY NEWS

Inchcape falls to £37.8m but turnover £105m ahead

TURNOVER of international merchant, Inchcape, increased from £790.08m to £895.18m for the six months to September 30, 1981, but pre-tax profits have fallen back to £37.78m, compared with £39.12m.

Lord Inchcape, the chairman, says however, that the results are regarded as acceptable, bearing in mind that the general recession in Western industrialised countries bad not made itself felt in South East Asia and Hong Kong during the first half of the previous year. But as expected, these areas have been affected throughout 1981.

The pre-tax figures have benefited by some £5m due to an exchange translation difference and by some £1m from new acquisitions. The trading conditions which affected the first six months have persisted during the rest of the year.

The net interim dividend is being maintained at 7.15p per £1 share and the directors expect to recommend that payments in respect of the nine months financial period ended December 31 be at the same rate as the previous year's 18.15p, which was paid from £71.07m pre-tax profits.

The accounting date of the company and certain of its UK subsidiaries has been changed from March 31 to December 31 in order to make the financial years of all group companies co-terminous.

The accounts of overseas subsidiaries are already made up to December 31 so that the next group accounts to the end of 1981, will include those subsidiaries' results for the 12 months to December 31, 1981 together wit hthe remaining UK subsidiaries for nine months to that date.

This change of accounting date is expected to have no material effect on the annual results, the preliminary announcement of which will be issued in June.

UK and overseas tax for the six months amounted to £16.73m (£17.24m). After deducting minorities of £2.76m (£3.47m) and preference dividend of £34,000 (same), profits attributable to ordinar yholders came out slightly lower at £18.24m (£18.37m).

Stated earnings per £1 share were down from 22.6p to 21.5p.

See Lex

Profits drop at Hill & Smith

REFLECTING the severity of the recession in the steel stockholding and drop-forging divisions, taxable profits of Hill and Smith dropped from £1.13m to £411,592 for the year ended September 30, 1981.

The directors say that the improvement in trading, which became apparent last July, has been maintained and they are confident that a more acceptable profit will be achieved in the current year.

The dividend is effectively increased to 3.5p (3.18p) net per 25p share with a final distribution of 2.5p. Also proposed is a one-for-ten scrip issue.

At the halfway stage, profits had tumbled from £515,872 to £97,118.

Turnover for the 12 months was down from £18.42m to £15.15m, and profits were subject to a tax charge of £135,705, compared with £500,723. Earnings per share are shown as 3.68p, against 11.56p.

After an extraordinary debit of £74,072 (£21,962) the attributable balance was £275,887 (£631,448) which, on a CCA basis is given as £48,414 (£95,433 loss).

FNFC rises sharply to £16.6m pre-tax for year

PRE-TAX PROFITS of First National Finance Corporation have risen sharply from £7.67m to £16.61m for the year ended October 31 1981. At mid-year, the taxable figures had climbed from £0.53m to £7.58m.

There was a tax credit for the 12 months of £1.38m (£1.24m) raising the net balance from £8.91m to £17.99m. This has reduced the net deficiency for FNFC shareholders from £29.07m to £11.08m.

Stated earnings per 10p share advanced from 7.2p to 14.5p. No dividends have been paid since 1974.

The pre-tax profit contribution of the group's lending and property division was £7.69m (£0.77m loss) and that of the consumer credit side, £8.92m (£8.44m), after charging non-recurring items of £0.33m for relocation costs and capital duty on an increase in share capital.

Current cost accounts have not been prepared as, in the group's present circumstances, the board considers they would be misleading.

The company is proposing certain revised arrangements to be put to holders of its 9½ per cent subordinated convertible unsecured loan stock 1982 (the "1982 stock") and to holders of the 9½ per cent subordinated unsecured loan stock 1992-1997 (the "1997 stock"). Payments of interest and repayments of principal to the company's loan stockholders are currently governed by the terms of the reorganisation scheme approved on December 31 1975.

Following the loss of confidence in the secondary banking sector towards the end of 1973 and the collapse of the property market in 1974, the purpose of the 1975 reorganisation was to enable the FNFC group to continue carrying on its business with the backing of a "Support Group"—the London and Scottish Clearing Banks and the Bank of England.

Since then, however, the board says that although significant progress has been made, the total amount owing by FNFC to the Support Group still amounts to around £113m.

Under the 1975 proposals, the 1982 stock cannot be repaid until the loans from the Support Group to FNFC have first been repaid. The board says this is not likely to be achieved before December 31 1982, so that holders of this stock would be entitled to take proceedings for the winding-up of FNFC at that date.

The board, advised by Kleinwort Benson, believe that this would not be in the best interests of loan stockholders, other creditors, shareholders and the FNFC staff.

It is therefore proposed that for holders of the 1982 stock, all interest accrued up to October 31 1981 (£1.59m including all arrears), together with interest up to March 31 1982 (£138,000), will be paid on March 31 this year, the day before the intended date for implementing the revised proposals.

In addition, the existing 1982 stock is to be replaced by an equivalent nominal amount of stock in a soundly capitalised new FNFC subsidiary. The coupon will be increased from 9½ per cent to 12½ per cent per annum and the final repayment date will be extended to December 31, 1987.

The present conversion rights of the 1982 stock will be extended and improved. Following its replacement, the stock will be convertible into ordinary 10p shares on the existing terms of 275 shares for £100 of new stock in 1982, and into ordinary shares at the rate of 300 for £100 of new stock in the years 1983 to 1987 inclusive.

It is intended that the new subsidiary, by which the stock will be issued, should be an intermediate holding company of First National Securities (FNS), whose main activities are provision of finance and allied services, primarily to individuals.

The proposals relating to the 1997 stock involve its final repayment date to be advanced from December 31, 1997 to December 31, 1992. All interest accrued up to October 31, 1981, (£5.34m including all arrears), will be paid on March 31, 1982.

See Lex

Garford Lilley lower

A REDUCTION in taxable profits from £294,607 to £280,587 is reported by Garford-Lilley Industries for the half-year to September 30 1981, on lower turnover of £2.82m, compared with £3.09m.

However, the board says it is not expected that there will be cause for any concern regarding the full year's figures, providing there is no further deterioration in the general economic situation though this is far from encouraging at the present time.

The net interim dividend is being maintained at 0.25p per 5p share—last year, a total of 1.35p was paid from pre-tax profits of £604,723 (£521,746).

The board reports that the usual delayed effect of changes in general industrial trading is now being noticed in the group's engineering activities. While the plastics side increased sales, trading continued to reflect the depression in industry as a whole, with this latter aspect also affecting the market in respect of wood turning activities.

Tax for the first six months was £145,906, against £153,196, and earnings per share were 0.1p lower at 2.04p.

Fitch Lovell down at midterm

FOLLOWING ON the warning, given in September at the annual meeting, that trading so far in the current year had been difficult, Fitch Lovell reports a reduction in taxable profits from £4.36m to £4.22m for the six months to October 24, 1981. Turnover, however, rose from £318.45m to £363.36m.

Profits from food manufacturing fell back from £3.19m to £2.97m, but there was an increase in wholesale and markets to £1.3m (£0.7m). Retail profits were little changed at £2.42m (£2.45m) while the agriculture, fisheries and feed side made a loss of £573,000, against a £16,000 profit last time. Other activities contributed £343,000 (£353,000).

Mr M. G. T. Webster, the chairman, says that in the manufacturing sector, Millers, Robirch and Jus-rol, performed well in spite of overall demand in the food industry being lower than in the previous year's corresponding period.

Profits from the wholesale side, which includes Joseph Stocks—acquired in February 1981, are continuing to grow strongly. This sector, however, now includes Lovell and Christmas (Ulster), a bacon processing business, which was previously reported under manufacturing. The results of poultry operations were still unsatisfactory.

Key Markets had an uneasy first quarter but has since been improving steadily and achieved very good Christmas results. Five new stores, with a total selling area of 81,000 sq ft, were opened in the period with their attendant opening costs.

The chairman says that the benefits of recent investments and rationalisation in the group are becoming increasingly evident and enable it to face the difficult trading conditions which still lie ahead with greater confidence.

Stated halfyear earnings per 20p share decreased from 5.68p to 5.44p, but the interim dividend is maintained at 1.491p net—last year's final was 3.71p.

Tax charge for the period was £650,000, against £795,000, and was reduced by £525,000 being the relevant proportion for 1981-82 of deferred tax provisions no longer required.

No account has been taken of the costs of closure in December of the butter packing activities which will be dealt with in the full year accounts as an extraordinary item.

Pre-tax profits were stated after charging development and re-organisation expenditure including financing costs amounting to £710,000 (£326,000) and were after crediting property profits of £1.75m (£1.13m).

Interest took £1.59m (£1.76m) and central costs £798,000 (£613,000). There were however, associate earnings of £156,000 this time.

● comment

Adjusting both for development costs and property gains, Fitch Lovell's interim pre-tax profits have fallen by 8½ per cent to £3.2m, following a larger drop in the previous year. Retailing had a difficult first quarter, and in spite of strong recovery before Christmas, volumes in existing stores were no better than maintained over the six months. With pressure on costs, net margins have been squeezed even though price rises have proved relatively easy to push through. Elsewhere, the hard work on the wholesaling side is beginning to pay off and the new acquisition Joseph Stocks has proved useful. However, the poultry market doldrums have pulled the agricultural division into loss and there is little likelihood of short-term relief here. With retail expansion slowing next year, the profits decline may be stemmed, but the omens are not particularly encouraging for the current half. The shares rose 2p yesterday to 77p, where the yield is nearly 10 per cent.

Porvair £0.35m in the red

ALTHOUGH second-half pre-tax losses of Porvair were reduced from £141,200 to £107,063, this microporous synthetic materials manufacturer finished the year to November 30 1981 £350,063 in the red, compared with £16,200 previously.

Turnover fell by almost £2m from £6.33m to £4.34m and after a tax credit of £187,063 (£96,200) the net loss amounted to £163,000, against a £80,000 surplus.

ROBERT MOSS

The acquisition by Robert Moss of Banbury Plastics was completed on January 26. Pursuant to the acquisition 661,000 ordinary shares were allotted to Mr G. Croft-Pearson and he was appointed to the board of Robert Moss.

Throgmorton Trust static at year end

AS PREDICTED, investment realignments restricted the results of Throgmorton Trust in 1981. Gross revenue remained virtually static at £4.35m against £4.44m while taxable profits dropped slightly from £3.95m to £3.7m.

The net asset value of the trust increased by 9.4 per cent from 128.6p to 140.7p. A final dividend of 3.75p per 25p share is repeated making a total of 6p (same).

Mr Maurice Elderfield, chairman of this investment trust, warned last year that a long term realignment from manufacturing to service based industry would affect revenue in the short term.

However, he says the decision to switch away from UK manufacturing has proved justified. "Our worst fears were indeed realised but today we are past the worst and there are signs of recovery—albeit slow and prolonged.

"As the economy returns to a more normal level of activity, company profitability should recover very strongly indeed."

He adds that in the immediate future, the directors regard the outlook as more promising.

Pre-tax profits were struck after interest and expenses of £649,916 (£487,753).

H. Williams' listing restored

THE Stock Exchange has restarted trading in the shares of H. Williams, the troubled Dublin-based supermarket group which were suspended on December 18 because it had not heard from the company, or its advisors, Northern Bank Finance Corporation, for three weeks.

The company asked for the suspension when Northern Bank announced that it had found a possible rescuer for the company prepared to consider either a full takeover or the purchase of a controlling interest.

Since then, the company has twice requested extension to the suspension up until Wednesday. In the absence of any concrete evidence of active negotiations and in the face of the company's silence, the Exchange yesterday decided that trading should resume.

The shares are not actively traded, but prior to the suspension, the "A" voting shares were changing hands on a 65p-75p spread. Yesterday the spread had widened to between 55p and 115p.

OLYMPIA (REDACRE)

Heavier pre-tax losses are reported by Olympia (Redacre), corduroy manufacturer, dyer and finisher, for 1981. Figures show losses of £166,016 compared with £104,334. There is again no dividend.

Turnover was down from £1.83m to £1.34m. Losses per 20p share increased from 5.22p to 7.8p.

Henlys' loss surges to £1.92m

SECOND-HALF pre-tax losses of Henlys increased by 50 per cent to £1.25m and left this motor car dealer £1.92m in the red for the year ended September 30 1981, compared with £387,000 previously.

The dividend is maintained, however, at 6p net per 25p share with a same-again final distribution of 3p.

Excluding car tax and VAT, group turnover slipped by £1m to £194.1m.

In commenting on the group's motor trading performance, Mr Gordon Chandler, chairman, states that although new retail vehicle sales were slightly in excess of the preceding year, volumes were down in the second half with margins substantially reduced throughout. Forecourt volumes were well maintained, but margins were particularly badly affected, he explains.

Results of all departments in the construction equipment division dealing with International Harvester products were down, and losses were incurred on the disposal of surplus used equipment. The Rolls Royce diesel engine business, however, held up well.

Measures taken last year to control costs have, however, proved effective, he says, and have been held down below the rate of inflation.

Henlys Lease maintained a steady level of business and achieved results slightly in advance of 1980 and the subsidiary in Bordeaux turned in results, well ahead of 1979-80.

Mr Chandler says the further deterioration in the trading environment and in the group's operating performance in the second half has led to a reappraisal of the rationalisation programme, and acceleration of measures to restore profitability. Since the end of the year, properties have been sold or contracts exchanged for an aggregate consideration of £1.5m. The book value, together with associated working assets, of further properties released for sale exceeds £5.5m.

These represent properties either with development potential or where long-term prospects do not warrant continued operation, he says. In other cases, the opportunity has been taken to concentrate activities formerly spread over two sites into single locations.

"Reduced operating costs and lower borrowings arising from the above actions will place us in a stronger position to overcome the short-term difficulties of the UK motor sector, in whose longer-term prospects we still have total confidence."

Trading profits amounted to £738,000 (£2.83m) for the 12 months, after depreciation of £3.03m (£2.82m). The pre-tax figure was after interest charges of £2.66m, compared with £3.22m.

There was a tax credit of £922,000 (£318,000)—ACT written off was £966,000 (nil)—and the attributable figure came through as a £635,000 loss (£2m profit) after extraordinary credits of £361,000, compared with £2.07m last time.

Including extraordinary items and ACT written off, loss per share is shown as 4.6p (14.3p earnings), but there were 2.3p earnings (14.3p) excluding ACT.

● comment

Henlys' rate of loss has just about doubled between the first and second halves yet the total dividend, costing £350,000, has been maintained. The market's response was to clip 3p off the share price to 100p. Given the long standing relationship with a handful of motor manufacturers, the group contends that it takes time to trim the asset base into line with reduced volume but the benefits of rationalisation are at last beginning to come through. The balance sheet will show net worth of £31m and total debt of about £14m. Disposals already achieved will release £1.5m and sales at a book value of £5.5m are under consideration. There may be more to come. So a bounteous dividend policy is readily affordable, at least this year. And forecourt margins—down 2p per gallon on average to about 6p last year, have at least steadied as the oil majors have staked their own resources more powerfully behind market share. But the outlook is difficult to gauge and the share price has been dislocated by the abortive pre-Christmas dawn raid. Henlys stands alone as the only remaining major distributor untouched by either aggressive, successful stakebuilding or bids. Perhaps takeover possibilities have as much to do with continued support as the historic yield of 8.8 per cent.

هكذا من الأصل

Hendin is new chief for lossmaker F. Pratt

A FORMER deputy chairman of Vickers, Mr James Hendin, was yesterday appointed chairman of F. Pratt Engineering Corporation. He succeeds Mr W. G. Friggens, who will now devote his time fully to the duties of chief executive. Mr Hendin is a non-executive director of ICL and of the 600 Group.

His appointment has been welcomed by, and has the full support of, the 600 Group, who view the appointment as a means of preserving the close customer/supplier association which has existed between the companies for many years.

Meanwhile, the 600 Group reiterates its announcement of March 4 1981 that it is not the group's present intention to make an offer for the whole of the ordinary share capital of Pratt and that its interest at this time lies solely in the success of the company and the protection of the 600 Group's substantial shareholding.

The appointment of a new chairman coincides with the year-end figures of Pratt. These show second-half losses of £619,000 compared with profits of £447,000, and losses of £790,000 for the full year to October 31 1981. This compares with pre-tax profits of £992,000 in the previous year.

The final dividend is cut from 3.8p net to 2.2p for a total of 4.4p (6p).

The year-end loss includes £431,000 attributable to the trading activity of Pratt Woodworth following the decision to close the Winchester factory. The resulting disruptive effect of integrating this business into other group companies is now being steadily reduced.

Turnover for the year was down from £22.01m to £18.83m. Depreciation was up from £559,000 ot £593,000, but interest charges were considerably lower at £628,000 compared with £1.03m.

There were extraordinary credits of £1.65m (£232,000 debits), leaving profit before discontinued businesses of £757,000 (£735,000). Discontinued businesses contributed a further £54,000 (£89,000) leaving attributable profits of £811,000 (£824,000). Dividends absorb £240,000 (£326,000), leaving £571,000 (£498,000) for transfer to reserves.

The directors say that apart from the sale of Hamblin and Wingate group, the year has been one of retrenchment in a period of very difficult trading conditions affecting almost every area of the group's operations.

The further deterioration in trading profits in the second half, anticipated at the interim stage, was made worse by the exceptional trading loss associated with the transfer of the business of Pratt Woodworth to other group companies.

They say the reduction in orders reported at April 30, 1981, continued in the second half, leaving orders on hand at October 31 of £6.2m compared with £9.1m at the end of the previous financial year. Although there has been a modest increase in the order book since the end of the year, the level of activity continues to be unsatisfactory and no improvement can be seen for the first half of the current year at the present time, they say.

In the longer term, however, the group has the resources to take advantage of an end to the current recession.

Having completed the amalgamation of lathe chuck production into one factory in the last year, it is now concentrating on the re-organisation of its forging operation to achieve maximum advantage from the Colnbrook site.

Extraordinary credits include a profit before tax on the sale of Hamblin and Wingate of £3.6m; the principal costs are those attributable to the factory closure of £1m and the reduction in valuation of the Winchester property sold since the year-end, to realisable value. A provision of £0.2m has been made to cover the maximum tax liability on extraordinary items after having regard to available group relief.

Mid Kent Water

The offer for sale by tender of £3m in 9¼ per cent redeemable preference stock 1987 by the Mid Kent Water Company has attracted applications for £8.29m of stock.

The lowest price to receive a partial allotment was £99.21 and the average price obtained was £99.40. Dealings in the stock begin today. Brokers to the offer were Seymour, Pierce and Co.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Edinburgh American	0.85	April 16	0.8	0.85	0.8
Evode	1.31	April 2	1.19	1.85	1.68
Fitch Lovell ......int.	1.49	April 1	1.49	—	5.2
Garford-Lilley ......int.	0.25	March 17	0.25	—	1.35
Hallite Hldgs. ......int.	4	April 1	2.5	—	7.75
Henlys	3	April 6	3	6	6
Hill and Smith	2.5	March 29	*2.27	3.5	*3.18
Inchcape ......int.	7.15	April 2	7.15	—	18.15
IoM Steam Packet	‡5	March 3	12	5	12
F. Pratt Engrng.	2.2	April 6	3.8	4.4	6
Throgmorton Trust	3.75	March 26	3.75	6	6
Warner Estate	5	March 25	3.5	8	6.5
Wellman Eng. ......int.	1.6	March 19	1.6	—	2.5
Wiggins Group ......int.	1.5	April 2	1	—	2.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

THE TRING HALL USM INDEX
116.6 (−0.2)
close of business 28/1/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 571-576 (+6)

OIL INDEX
March Refined $33.20

UK COMPANY NEWS

Wellman recovers and remains confident

AS PREDICTED in September, Wellman Engineering Corporation made a substantial recovery in the first half of 1981-82. With redundancy costs almost eliminated at £10,000, compared with £204,000, there was a pre-tax profit of £411,000 for the six months to September 30 1981 and the group is forecasting a higher figure for the second half.

For the comparable six months there had been a loss of £372,000 and by the end of 1980-81 the deficit had reached £656,000.

However the net interim dividend is being held at 1.6p per 25p share. A total of 3.35p was distributed last year.

Mr Alan Hopkins, the chairman, in reporting the turnround says that the result was achieved as a result of positive management actions taken during the last financial year. The improvement also reflects the contributions from the addition of the Birlec and Frank Wigglesworth businesses which have strengthened the group's position in the furnace and power transmission markets.

Sales during the six months by the group, which has interests in thermal and mechanical engineering, designing and manufacture, were ahead from £17.27m to £19.71m.

The chairman says that while he cannot detect any significant upturn in either the U.S. or British economies or improvement in the fortunes of its customers, the group has won orders, particularly overseas, against stiff competition. As a result the outstanding order book at the end of December totalled £25m, against £13m 13 months earlier.

Another encouraging feature has been the expanding opportunities for Wellman's heating component (diesel engine plug) business in the U.S.

For the half year there was an operating profit of £579,000 (loss £197,000) before interest costs slightly lower at £168,000 (£175,000).

Stated earnings per share emerged at 2.28p (loss 3.06p) after a tax credit of £111,000 (£18,000 charge). Dividends again absorbed £210,000.

with the share price adding 6p to 56p. But the failure of the showpiece coal gasification plant in Pennsylvania to create substantial new U.S. orders is a continuing disappointment. The impact of Reaganomics and relatively stable oil prices are held responsible. However, improvements in the layout of the Indiana plant have brought benefits for the U.S. heating components business. Rationalisation at home appears to be completed, with negligible redundancies. Margins in the foundry business are still being squeezed in an intensely competitive market. The financial position has retained its strength, and payment next month for a major Soviet contract will solve temporary overdraft problems. The company is considering acquisitions in Australasia, with the feeling that the South African market has gone off the top. The shares are supported by a yield of 9 per cent. Pre-tax profits of £1m are on the cards for the year, with the prospective p/e of 14.6 looking at turnround possibilities rather than spectacular growth.

● **comment**

Wellman's return to interim profitability pleased the market,

English China chairman warns off any would-be predators

A STRONG warning is given to would-be predators by English China Clays's chairman Lord Aberconway in his annual statement.

In referring to the rumours last November of an imminent "dawn raid" on the group, he says that while, as directors, they would be bound to consider any takeover approach on its merits: "We think it most unlikely that we would judge any such proposition to be of benefit to the business as a whole, and, in all probability, we would strongly oppose it.

"We cannot conceive that any other organisation would materially add to our technology in the fields of research into clay minerals, nor to our expertise in mining and processing these minerals, nor to our commercial experience in marketing them.

"Moreover we are, and we expect at any time to be, in a position to acquire, if our cash flows have not already provided them, the financial resources needed to support the development of our businesses."

Lord Aberconway goes on to say: "While a predator may seek to tempt shareholders to sell their shares by offering an attractive premium, their short term gain will, in the opinion of the directors, be invalidated by the increasing worth of our shares over the years to come.

"We can see in such an operation no advantage, and much disadvantage to not only our shareholders but to our employees, our customers and the national interest."

As reported December 18, contrary to the company's own expectations profit before tax for the year to the end of September 1981 showed an increase—up from £40.51m to £41.69m. Sales were higher at £345m (£332m) and net total dividend is stepped up to 7.2p (6p).

Despite reduction in volumes, all operating divisions achieved growth in the scope of its activity, in its efficiency, in the application of new processes, and in the experience gained, the chairman says.

He points out that an increase in group profit in the face of reduced activity must augur well for the future. With their more modern installations, each division is now in a position generally to accommodate substantial increases in volume without appreciable increase in employees or in most elements of standing costs.

As at year-end, capital spending commitments stood higher at £36.32m, compared with £24.36m of which projects worth £13.86m (£15.09m) were in train.

Expansion in the U.S. includes construction in Georgia of a further calcining plant underway. Plans are well advanced for extension to exploit developments from the group's laboratories. Also a third share interest has been taken in Katalistiks International which owns and operates a catalyst manufacturing plant in Holland and intends soon to complete a similar plant in the U.S.

Elsewhere overseas a plant to produce china clay for the paper industry in South America will shortly be completed near Sao Paulo, in Brazil.

In Portugal work has started on the construction of a coating clay plant in a joint venture with a local company. A similar venture is planned in Spain.

Cash and short-term deposits at September 30 were up from amounted to £43.56m (£44.87m) £7.24m to £15.56m. Loan capital and shareholders' funds at £256m (£241m).

Overall net liquidity had risen by £4.76m (£1m).

A £10,000 ex-gratia payment was made to a former director and £97,530 was provided for retirement benefits of a director formerly a group executive.

Meeting: Hyde Park Hotel, SW, on February 25 at 12.30 pm.

Evode little changed as expected at £2.1m

IN LINE with the interim forecast, taxable profits of Evode Holdings, adhesives, jointing compounds manufacturer, were little changed at £2.1m, against £2.07m, for the year ended September 26 1981, after associates' share of £58,000, compared with £23,000.

Turnover was also similar at £52.65m, against £52.47m.

Results for the first two months of the current year were encouraging, directors state, but the disruption caused by the severe weather and the railway strikes are affecting trading performance.

At the interim stage, profits were ahead from £752,417 to £895,970, but the directors said that year-end results were unlikely to be significantly different from the previous year's figures.

Earnings per 20p share are shown as 11.57p (10.33p) as at September 26, and the dividend is lifted to 1.848p (1.68p) net with a final payment of 1.309p.

Evode Ltd. and Evode Roofing performed well through tight cost control and new product activity, while the recession caused significant fall-off in demand for the products of All-weather Evode Paints and Vik Supplies, the directors explain.

Tax for the year was lower at £990,000 (£423,000) but the attributable balance came just behind at £1.56m, against £1.65m, after an extraordinary debit of £284,000, compared with a £5,000 credit.

Capital expenditure more than doubled to £2.29m during the year, and significant further expenditure is planned for 1981-1982. Net bank borrowings increased by only £536,000, directors state, in spite of a heavy investment programme.

On a CCA basis the pre-tax figure is reduced to £1.54m (£1.43m).

3% fall in new life income at Wesleyan & General

A NEAR 3 per cent decline in new life premium income last year from £5.33m to £5.19m is reported by the Wesleyan and General Assurance Society. New sums assured, however, rose by over 20 per cent to £124m.

The society, in common with most other home service life companies, saw a slight decline in new premium income on the industrial branch from £3.85m to £3.83m, the principal reason being the reduction during 1981 of the rate of tax relief on life assurance premiums.

The fall was more marked in the ordinary branch were new premium income dropped nearly 8 per cent from £1.48m to £1.36m, this coming from a sharp reduction in the demand for top-up mortgage business.

However, new premiums for self-employed pensions showed a 12 per cent jump from £141,000 to £158,000, with new pensions up by one-third to £481,000 per annum.

Gross premium income in the general branch improved 18.7 per cent to £6.17m.

A considerable shift in the pattern of new life and pensions business last year is reported by the National Employers Life Group. New annual premiums rose marginally from £10.8m to £11m, while single premiums almost doubled from £4.09m to £8.16m.

New life annual premiums advanced 20 per cent from £1.5m to £1.8m with mortgage-related contracts being in good demand following the company's link with Manufacturers Hanover Trust. Permanent health insurance annual premiums rose 6 per cent from £4.7m to £5m. But group annual premiums dropped nearly 10 per cent from £4.6m to £4.2m, with executive business slightly up and group and self-employed down.

Ordinary life single premium business last year jumped from £447,000 to £2.3m, with immediate annuity business being very strong as a result of the competitive rates quoted by the company throughout the year. Pension single premiums rose by nearly two-thirds from £3.64m to £5.9m, with self-employed business being substantially higher. On this latter feature several conventional life companies have reported lower annual premiums and higher single premiums for self-employed pension business.

Annual premiums nearly double those of the previous year of £4.7m (£2.4m) were reported by Legal and General Unit Assurance, the unit-linked subsidiary of Legal and General Group. Single premiums were almost 50 per cent up at £19.4m against £13m. Funds under management last year rose by 65 per cent

RHM chief on British Sugar stake

AT THE annual meeting of Rank Hovis McDougall, Mr Peter Reynolds, chairman, said that the 10.5 per cent stake in British Sugar was "a strategic investment and will be self-financing." He added that RHM had met both Berisford and British Sugar since the exchange of dawn raids last November, but there was no significant change in the situation and there had been no further offer for RHM shares from anyone.

Mr Reynolds said that RHM was actively seeking further acquisitions in the U.S., but not in the UK. Further plans to reduce borrowings would unfold in the next six months.

The chairman reported that the baking business was profitable, but that it was too early to forecast profit figures for 1982.

At the meeting there was some criticism of the smallness of the dividend for a year of record profits of £45m, some 40 per cent up on the previous year. Mr Reynolds replied that it was necessary to plough as much money as possible back into the business, to make it more profitable.

Loss for IoM Steam

SHIP OWNER and manager Isle of Man Steam Packet Company dived into loss in 1981. After a deferred tax credit of £221,000, against a debit of £116,000, there was a loss of £620,532, compared with a profit of £678,392.

The dividend is cut from 12p to 5p gross. The loss is shown after depreciation provision up from £473,323 to £536,503.

Hallite ahead: interim boosted

FOR THE half year ended October 31 1981, Hallite Holdings, synthetic rubber and plastic precision seals manufacturer, pushed up its pre-tax profits from £342,659 to £407,949 and is boosting the interim dividend by 1.5p to 4p net per share.

In November the directors forecast, in the light of the offer from General Tire and Rubber Company South Africa—it lapsed in December—that pre-tax profits for the current year would be not less than £850,000 and that the dividend would total 11p.

The dividend for the 52 weeks ended May 2 1981 amounted to 7.75p net and the taxable surplus was £571,003.

Group sales were marginally lower at £4.15m (£4.22m) for the six months, but Mr J. Gordon, chairman, explains that the proportion to customers outside of the UK increased to 38 per cent of total, compared with 32 per cent last time.

He adds that significantly improved results were achieved by Hallite Plastics and Hallite Seals incorporated.

Associate's share of profits fell from £18,007 to £11,906, and tax charge for the period is given as £171,339, against £143,917.

The attributable balance came through well down at £101,679 (£195,803), after minority interests of £4,931 (£2,938) and an extraordinary debit of £130,000 (nil). This comprised professional fees and expenses incurred in connection with the General Tire offer and acquisition investigations by Hallite.

Excluding the extraordinary items, earnings per share are shown as 9.6p (8.5p).

Edinburgh American net assets up by 20%

AN INCREASE in the sterling value of overseas currencies, particularly those of the U.S. and Canada, contributed to a 20 per cent increase in the diluted net asset value per 25p share to 123p for Edinburgh American Assets Trust during 1981.

Pre-tax revenue for the year increased from £572,000 to £600,000.

The directors of this investment trust point out that currencies in the U.S. and Canada, where most of the trust's assets are invested, appreciated by 25 per cent during the year. The change in exchange rates added 17p to the net asset value which was increased for the seventh consecutive year.

The net asset value per share after deducting prior charges at par rose to 138.4p (114.7p). A net dividend of 0.85p (0.8p) will be paid.

The directors say the value of investments, shown at £60.1m (£50.3m), expressed in local currencies also rose during the year, adding a further 3 per cent to the net asset value.

Investments also benefited, they add, from the rise in the share price of a number of U.S. companies, despite a fall of 10 per cent in the U.S. market.

Stated earnings were little changed at £318,000 (£321,000)—equivalent to 0.87p (same) per share.

Pre-tax profits included dividend from an associate company GBC Capital. Tax took £265,000 (£234,000).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: John Brown, Calcutta Electric Supply Corporation (India), Longton Industrial, NCC Energy, Norpsend, Scottish English and European Textiles, Vibroplant, Wholesale Fittings.

FUTURE DATES

Interims—	
Douglas (Robert M.)	Feb 11
Hunt & Moscrop (Middleton)	Mar 12
Jentique	Mar 3
McKay Securities	Feb 2
Mountleigh	Feb 11
Zetters	Feb 2
Finals—	
Aslonson Bros.	Feb 9
Associated Fisheries	Feb 5
Commercial Union Assurance	Feb 25
Crescent Japan Inv Trust	Feb 9
General Consolid Inv Trust	Feb 10
Hamilton Oil Great Britain	Feb 11
Kellock Trust	Feb 1
Lonrho	Feb 11
Lonsdale Universal	Feb 4
New Tokyo Invest Trust	Feb 9
Yeoman Investment Trust	Feb 10

Warner Estate increases payout to 8p

With a little changed second half Warner Estate Holdings finished the year to September 30 1981 showing profit ahead from £1.69m to £1.75m before tax of £615,091, against £657,424.

The net total dividend is being stepped up to 8p (6.5p) by a final of 5p. Stated earnings per 25p share came out at 8.3p (7.4p).

The directors estimate that the value of properties held by the company has risen to £45m (£41.5m).

Turnover for the year amounted to £7.21m (£7.15m).

Extraordinary credits relating to property sales amounted to £1.67m (£1.73m) of which £1.61m (£1.72m) was transferred to capital reserve.

City of London Trust falls marginally

Gross income for the City of London Trust, formerly the City of London Brewery and Investment Trust, dropped marginally from £1.93m to £1.90m for the half year ended December 31 1981.

The second interim dividend of 1.1p (same) net per 25p deferred share has already been announced. It followed a first unchanged interim of 1.1p. The directors say they hope to maintain last year's total of 4.4p (4.2p).

Net asset value per share rose to 105.5p against 99.2p for this investment trust.

Taxable profits fell slightly to £1.79m against £1.84m while tax took less at £594,000 compared with £600,000 previously.

UK COMPANY NEWS

MINING NEWS

Major U.S. producers hit by low metal prices

BY KENNETH MARSTON, MINING EDITOR

FOLLOWING THE general trend among world base metal producing companies of sharply lower earnings, America's Phelps Dodge, the second largest copper producer in the U.S., announces an operating profit for the December quarter of A$1.6m (£856,000).

However, there is also an extraordinary credit of $10.8m to be added to the latest profit. It arises from the gain made on last year's issue of shares to Salomon Brothers in exchange for the latter's holding of Phelps' debentures and notes.

The latest quarter's results were also increased by about $4m from the sale of Federal income tax benefits through "safe harbour" leases.

For the fourth quarter of 1980, Phelps made a net profit of $28.9m. This included the gain of $18.4m arising from the sale of the company's 40 per cent stake in Consolidated Aluminium to Swiss Aluminium.

Phelps comes out with a total profit for 1981 of $69.3m, equal to $3.12 per share, compared with $91.3m in 1980.

The company's copper sales last year were some 14 per cent above those of the strike-affected 1980, but the average price received was about 17 per cent lower and production costs rose by 3 per cent.

In view of recovery hopes, it is worth bearing in mind that Phelps' profits are very sensitive to changes in the price of copper. Each increase of 1 cent per pound in the metal price raises the company's net earnings by about $5m.

Another U.S. natural resource major, Newmont Mining, reports a 1981 fourth quarter profit of $8.7m, equal to 32 cents per share, which compares with $34.7m in the same period of 1980. The total net profit for 1981 amounts to $374.4m, or $14.26 per share, compared with $197.4m for 1980.

Here again, special factors come into the picture with the inclusion in the 1981 profits of gains of $294.6m on the sale and exchange of shares of St Joe Minerals and Conoco.

London's Consolidated Gold Fields group now has 21.95 per cent of Newmont and, under the agreement between the two companies, may increase this holding to a maximum 26 per cent by end-1984.

Australia's MIM Holdings, which has announced a further quarterly loss this week, has a stake of 16 per cent in America's Asarco. The latter has now decided to cut its quarterly dividend rate to 20 cents from the 35 cents rate established two years ago.

Mr Charles F. Barber, chairman of Asarco, said that the sharply declining prices for his company's principal products, particularly silver and copper, have substantially reduced earnings.

Several of the plants are running at less than capacity and "until a recovery in the markets for our principal products occurs we must operate the company so as to conserve cash."

He added: "We believe the fundamentals of the copper market, in particular, are sound and that prices will respond once the economic recovery is evident."

BIDS AND DEALS

ACC shareholder backs Heron's blocking moves

BY JOHN MOORE

BPM Holdings, the holding company of the Birmingham Post and Mail and a shareholder in Associated Communications Corporation, is seeking to back Heron Corporation in its attempts to block a takeover bid by Mr Robert Holmes à Court of ACC.

Yesterday, it was revealed in the High Court battle between Heron and ACC, as Heron sought to block the transfer of more than 60 per cent of the voting shares to business interests of Mr Holmes à Court, that BPM is seeking to join Heron's injunction motion.

BPM Holdings holds 5 per cent of the voting shares and a block of 456,000 of the "A" non-voting shares (0.8 per cent).

Other shareholders which are seeking to join the Heron action are Siojul Nominees, holding 100,000 "A" shares on behalf of Anglo International Investment Trust.

ACC said last night that it will hold "an extraordinary general meeting for shareholders to ratify any agreement between ACC and the Independent Broadcasting Authority in respect of ACC's 51 per cent shareholding in Central Independent Television."

Mr Justice Vinelott had ruled in court yesterday that a deed under which the directors had accepted conditions for the Bell Group takeover imposed by the Independent Broadcasting Authority had not been properly executed. But he said that the directors could convene a special meeting at which there was at least a high probability that a resolution would be passed putting the matter right.

Burmah chief urges acceptance

Burmah Oil's battle to win control of Croda, the speciality chemicals group, entered its second round yesterday with an appeal to Croda's shareholders to accept Burmah's cash offer.

Sir Alastair Down, Burmah's chairman, acknowledged "the good knockabout terms" of Croda's initial reply to his company's bid. But he reminds Croda shareholders that their shares have never reached the prices now being offered for them.

At 70p, the bid represents an exit p/e of over 15 for the ordinary shares based on Croda's own estimate of 1981 profits.

Croda's earlier reference to an asset value of 79.8p per share is dismissed as a "hoary argument." The return on Croda's capital has slipped from 20 to 10 per cent over the last decade, says Sir Alastair, showing "a sorry decline."

He criticises Croda for not revealing more specific and forthright details of its future expectations, describing the chemical group's public aspirations as "corporate wishful thinking."

Sir Freddie Wood, Croda's chairman, is partly blamed for a "lack-lustre performance" by the company's management. Burmah suggests he might "have been more effective if he had spent more time on Croda's affairs and less on public service."

Sir Freddie was chairman of the National Bus Company for several years and is now the chairman of the new British Technology Group.

Defending Burmah against the charge that it has been "somehow financially imprudent and irresponsible," Sir Alastair says the company's free cash balances could readily finance the Croda acquisition.

Burmah's gearing (debt: debt plus equity) stands at 47 per cent and "will not rise by more than three percentage points."

Mr Richard Heseltine, Croda's director for corporate developments, said he thought the letter "added nothing new." He added that it was "less than frank" on Burmah's finances.

"The £110m associated with the Croda acquisition, if it were successful, compares with £158m which is Burmah's market capitalisation—a 77 per cent ratio. This looks to us a real addition to Burmah's debt mountain," he said.

Croda's shares closed 1p down at 72p. Burmah's were unchanged at 110p.

Investment diamonds pricing

AN ANTWERP diamond dealer has announced a new system of price fixing which he believes will have a revolutionary effect on the world market for investment diamonds.

Mr Isy Neuman, managing director of Real Diamond Company, unveiled a system yesterday which involves twice-daily price fixings similar to those held in London each day for gold bullion.

Prices will be based on internationally-accepted gemological standards, he said, and will be available to the public through the Reuters communications network.

His hope is that the scheme will encourage more private investors and financial institutions to buy diamonds for investment purposes.

Until now, diamond prices have largely been set in private by dealers and brokers, although attempts have been made in New York and elsewhere to publish prices regularly in the press.

Mr Neuman said his system involves assorted selections of 10 stones, forming together a uniform weight in carats. His company plans to offer seven different selections, ranging from 10 stones of around 0.1 carat each, totalling one carat, to 10 stones of half a carat each, totalling five carats.

Each parcel of stones is graded in addition by colour, either "blue-white," the most expensive, or "white," and further divided into grade "A" or "B".

Clearly, Mr Neuman's scheme could improve the marketability of stones bought and sold through his company, but it is unlikely to have much impact on the market in general unless it is taken up by a significant number of other dealers.

SHARE STAKES

Travis and Arnold—E. R. A. Travis, director, disposed of 20,000 ordinary shares on January 22 leaving holding 632,316.

Glass Glover Group—F. S. Assurance Trustees has reduced its holding from 315,000 ordinary shares to 290,000 (5.15 per cent).

Argyll Foods—Mr C. M. Edwards has disposed of 50,000 ordinary shares, reducing his interest to 400,000.

GB Papers — Deltec Panamerica SA, having acquired a further 10,000 shares, now hold 836,000 (11.06 per cent).

Brickhouse Dudley—Mr P. E. Dudley, director, sold 40,490 shares.

River Plate and General Investment Trust Company—Sun Life Assurance Society have increased their holding of deferred shares to 1,888,480 (12.08 per cent).

Fundinvest—The trustees of the National Coal Board Staff Superannuation Scheme and the Mineworkers' Pension Scheme together sold 350,000 income shares, reducing their holding to 750,180 income shares (6.75 per cent of that class).

TOWN & CITY PROPS.

Hambros is interested in 36,383,170 ordinary and 5,709,160 7 per cent convertible cumulative £1 preference shares of Town and City Properties.

These interests arise out of the acceptance by Hambros of Town and City's offer for Berkeley Hambro Property.

DAEJAN HLDGS

Investment trust Daejan Holdings is to pay an interim dividend of 1.925p for the half year ended September 30 1981 compared with 1.225p previously.

The directors say the interim is intended to lessen the difference between the interim and final dividend, and should not necessarily be taken as an indication of an increase in the total dividend for the year.

The interim report will be published on February 25.

Abele owns over 19% of Illingworth voting shares

Abele, the private Isle of Man company run by financier Mr Alan Lewis, is now the registered owner of 19.1 per cent of the voting shares of Illingworth Morris, the Yorkshire wool textile group.

The shares were purchased from Mrs Pamela Mason in October 1981 together with 14 per cent of the IM non voting capital, for a total of £707,718.

Mrs Mason sold the shares in her position as sole executrix of the estate of her father Mr Isidore Ostrer who was a co-founder of the company and died in 1975. She also granted Abele a six month option to acquire a further 27 per cent of the voting shares for £327,906. Mr Lewis has since confirmed his readiness to make a full bid for the company once the option has been taken up.

Since the sale of the shares to Abele was announced Mrs Mason has been removed as executrix of her father's estate and a judicial trustee appointed in her place.

This move followed a court action by Mrs Isabella Blench, Mrs Mason's half sister, who said that she wanted the judicial trustees to look at the sale of IM shares to Abele.

ALLIED COLLOIDS U.S. EXPANSION

Allied Colloids Inc., the wholly-owned U.S. subsidiary of Allied Colloids, has bought 70 acres of land at Suffolk, Virginia, as a manufacturing site for specialised industrial chemicals. Only a small percentage of the area will be built on initially and it is estimated that the total cost, including the land, of the first phase of the project up to mid-1983, will be in the region of £3m which will be funded by U.S. dollar term loans.

Production is scheduled to start up in early 1983 on products which for a number of reasons it is uneconomic to manufacture at Bradford and export to the U.S. It is, however, expected that an appreciable proportion of the group's sales in North America will continue to be exported from the UK and no reduction in overall production in the UK is anticipated.

HILL SAMUEL SOUTH AFRICA

The South African merchant banking subsidiary of Hill Samuel is engaged in discussions which could lead to a reorganisation of its South African operations to a deal with a local partner. The shares of Hill Samuel South Africa were suspended on the Johannesburg Stock Exchange yesterday.

No details of the negotiations have been disclosed, but there is speculation that the British group may sell part of its 71.5 per cent shareholding to a South African financial institution, giving Hill Samuel South Africa an entry into activities beyond its existing business.

Several members of Hill Samuel UK's senior management are currently in Johannesburg.

GRANDMET DENIAL

Grand Metropolitan has denied a suggestion that it may follow up its hotels sale with a major cash raising sale in the U.S., possibly the tobacco interests of Liggett.

A spokesman said: "we are not considering the disposal of any of our interests in the U.S."

MANAGEMENT BUYS DOUGLAS PLASTICS

Scott and Robertson has sold its wholly-owned subsidiary, Douglas Plastics, to certain members of the senior management of that company for a nominal amount. The petition for liquidation presented in December was withdrawn to facilitate negotiations with the management at Douglas Plastics.

DPL has experienced extremely difficult trading conditions in the last two years. Consequently, DPL contributed a loss of £70,000 out of the group loss before tax of £185,000 for the half year to August 31 1981. Net assets of DPL at February 27 1981, the last balance sheet date, were £70,000.

The full amount of the costs of divesting the group of this operation against which no credit for tax relief has been recognised, was provided for in the interim results.

ROWNTREE/HUNTLEY

Rowntree Mackintosh advisors J. Henry Schroder Wagg and Company have sold 48,500 Huntley and Palmer at 133p on behalf of discretionary investment clients. The company also sold 500 at 122p on behalf of associates.

It also bought 4,000 Rowntree at 154p on behalf of discretionary investment clients.

HIGHGATE OPTICAL

As a result of transactions carried out on January 27, Mr H. R. Reynolds has increased his holding in Highgate Optical and Industrial from 374,729 shares to 500,000 shares.

Mr R. A. Langston, who is deemed to be an associate of Mr Reynolds, has purchased 110,000 shares. Mr Reynolds and Mr Langston now own 29.87 per cent of the equity.

The shares were purchased from several other members of the Bayfine concert party.

Wiggins edges ahead midway

TAXABLE profits of Wiggins Group, formerly Wiggins Construct, edged forward from £262,000 to £273,000 for the half year to the end of September last. The net interim dividend from this estate developer and contractor is being boosted by half to 1.5p.

Turnover for the six months fell from £14.25m to £8.81m.

When reporting this yesterday Wiggins also announced that discussions were continuing on the proposed merger of the group's contracting business with that of Gee Walker and Slater, a subsidiary of Newarthill, the McAlpine family company.

Newarthill presently holds 14 per cent of the capital of Wiggins and would end up with 25 per cent of an enlarged Wiggins capital after the merger was completed. Wiggins expects the merger talks to be "concluded satisfactorily within the next few weeks."

In his interim statement Wiggins chairman Mr S. P. Hayklan states that developments are progressing satisfactorily and contracts have now been exchanged for the sale of the company's office and shop refurbishment project at 10 Dover Street, W. It is anticipated this will produce a substantial profit in 1982-83.

In other divisions, concentration on profits rather than volume is resulting in satisfactory returns on reduced turnover, Mr Hayklan says. However without the benefit of non-recurring items seen last time profits for the current year are expected to be less than the £1.33m achieved for 1980-81.

The increase in the interim dividend follows a decision by the directors to distribute a greater proportion of profits than in the past.

Tax for the half year took £32,000 (£28000).

The group has acquired Thames Estuary Properties for £693,000 and the assumption of mortgage liabilities which are repayable between now and 1995. Payment for these properties, which produce a net income of £140,000 a year, has been partly deferred for periods of up to four years.

DRG faces problems in South African offshoot

DRG SA, the 70 per cent-owned South African subsidiary of DRG, the British stationery and specialist engineering group, has discovered major management problems which are likely to reduce group trading profits for 1981 by about £1m.

The South African company, which is listed on the Johannesburg exchange, yesterday announced that it had suspended Mr Vaughan Thorndike, the managing director of its stationery company, pending a special investigation by the company's auditors.

It appears that stationery trading had been much worse than expected since the second quarter of 1981. During the past week the board established that "the profit margins of this operating unit, particularly on sales to the scholastic market, have been progressively overstated since the second quarter."

The South African company contributed £6.3m of DRG's group trading profits for 1980 of £27.6m. Mr Donald McPhee, the chief accountant of the group, said yesterday the 1981 contribution is likely to be £1m or so lower.

The investigations are not yet complete and the South African company's results will not be available until February 25 but current estimates are for trading profits of R9.4m compared with R11.1m in 1980.

Those figures are in historic cost terms, the method in which they are consolidated in the group accounts. On current cost terms—which are used by the South African company — the downturn is much more dramatic.

The company estimated that earnings in South Africa may not exceed 20c a share for 1981 compared with 42c the previous year. If this proves the final figure, the South African company will pay a final dividend to its minority shareholders of only 2c making a total of 10 for the year (23c).

NMW amends voting rights

NMW Computers, which is planning to join the USM this year, has called a meeting on February 18 to amend, inter alia, voting rights of shareholders.

Admission to the USM will not be granted unless the present voting structure is changed, the directors state.

Since July 1976 shares have been deal with under Rule 163 (2) and those held by non-participators in the services provided by the company have not carried any votes.

BASE LENDING RATES

A.B.N. Bank	14 %	Robert Fraser	14 %
Allied Irish Bank	14 %	Grindlays Bank	‡14 %
American Express Bk.	14 %	■ Guinness Mahon	14 %
Amro Bank	14 %	■ Hambros Bank	14 %
Henry Ansbacher	14 %	Heritable & Gen. Trust	14 %
Arbuthnot Latham	14 %	■ Hill Samuel	§14 %
Associates Cap. Corp.	15 %	C. Hoare & Co.	†14 %
Banco de Bilbao	14 %	Hongkong & Shanghai	14 %
BCCI	14 %	Knowsley & Co. Ltd.	15 %
Bank Hapoalim BM	14 %	Lloyds Bank	14 %
Bank Leumi (UK) plc	14 %	Mallinhall Limited	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15½ %
Bank Street Sec. Ltd.	15½ %	Midland Bank	14 %
Bank of N.S.W.	14 %	■ Samuel Montagu	14 %
Banque Belge Ltd.	14½ %	■ Morgan Grenfell	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	National Westminster	14 %
Barclays Bank	14 %	Norwich General Trust	14 %
Beneficial Trust Ltd.	15 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Roxburghe Guarantee	15 %
Bristol & West Invest.	15 %	E. S. Schwab	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14½ %	Standard Chartered	‖14 %
Canada Perm't Trust	15 %	Trade Dev. Bank	14 %
Castle Court Trust Ltd.	14½ %	Trustee Savings Bank	14 %
Cavendish C'ty T'st Ltd.	15½ %	TCB Ltd.	14 %
Cayzer Ltd.	14 %	United Bank of Kuwait	14 %
Cedar Holdings	15 %	Whiteaway Laidlaw	14½ %
■ Charterhouse Japhet	14½ %	Williams & Glyn's	14 %
Choulartons	15 %	Wintrust Secs. Ltd.	14 %
Citibank Savings	¶15 %	Yorkshire Bank	14 %
Clydesdale Bank	14 %		
C. E. Coates	14½ %		
Consolidated Credits	14½ %		
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E.T. Trust	14½ %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.50%, 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of:—under £10,000 11½%, £10,000 up to £50,000 12½%, £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11½%.
‖ 21-day deposits over £1,000 13%.
§ Demand deposits 12%.
¶ Mortgage base rate.

LONDON TRADED OPTIONS

Jan. 28 Total Contracts 1,706. Calls 1,448. Puts 258.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	300	12	73	28	31	34	80	302p
BP (c)	330	4	10	16	26	22	—	"
BP (c)	360	3	—	10	16	[illegible]	—	"
BP (c)	390	1	—	6	25	[illegible]	—	"
BP (p)	300	20	5	26	1	30	—	"
BP (p)	330	40	6	46	1	48	—	"
CU (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	135p
Cons. Gld (c)	460	40	[illegible]	56	[illegible]	[illegible]	[illegible]	474p
Cons. Gld (c)	500	22	27	35	[illegible]	[illegible]	[illegible]	"
Cons. Gld (c)	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Cons. Gld (p)	460	20	1	30	—	42	—	"
Ctlds. (c)	70	15	5	18	—	24	—	82p
Ctlds. (c)	80	5	[illegible]	9	[illegible]	[illegible]	[illegible]	"
Ctlds. (c)	90	2	—	5	—	[illegible]	—	"
GEC (c)	800	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	888p
GEC (c)	850	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (c)	900	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Grd Met. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	197p
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	335p
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	307p
Mks & Sp. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	142p
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	388p

Option	Ex'rcise price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	456p
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	76p
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	384p
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	58p
P & O (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	139p
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	385p
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	438p
Vaal Rfs. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C=Call P=Put

BANK RETURN

	Wednesday Jan. 27, 1982	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	37,478,325	— 6,538,178
Bankers Deposits	471,686,870	— 115,980,615
Reserve & other Accounts	1,556,472,989	+ 1,179,776
	2,080,191,184	— 120,339,018
Assets		
Government Securities	546,850,069	— 154,290,000
Advances & other Accounts	1,038,445,809	— 16,551,691
Premises Equipment & other Secs.	472,853,005	+ 43,754,226
Notes	14,837,584	+ 6,755,697
Coin	802,717	— 27,249
	2,080,191,184	— 120,339,018
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,600,000,000	— 50,000,000
In Circulation	10,585,182,416	— 56,755,697
In Banking Department	14,837,584	+ 6,755,697
Assets		
Government Debt	11,015,100	
Other Government Securities	4,470,193,643	— 828,727,647
Other Securities	6,118,791,255	+ 778,727,647
	10,600,000,000	— 50,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	31	16	—	—	1	40	$384
GOLD C	$400	15	6.50	15	17	[illegible]	[illegible]	
GOLD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GOLD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ABN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NATN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PETR C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SIEM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLUM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS [illegible]

A=Asked B=Bid C=Call P=Put

MAJOR INVESTMENT PROGRAMME

Decline in fourth quarter at Xerox

BY PAUL BETTS IN NEW YORK

XEROX, the leading copier, duplicator and office products manufacturer, achieved a 6 per cent rise in earnings last year to $598.2m or $7.08 a share, from restated earnings of $562m or $6.69 a share in 1980. But fourth quarter earnings declined by 7 per cent to $112.7m or $1.33 a share from $120.6m or $1.43 a share previously.

Mr David Kearns, Xerox's president who is expected to become chairman next spring, said there would not be a major turnround in earnings in the near term.

The company was planning a huge investment programme to adapt to changing market conditions and to place it in a strong position for the challenge of the 1980s, he said. Apart from the uncertain economic outlook of coming months, earnings will remain under pressure from the current investment programme, Mr Kearns told New York investment analysts yesterday.

Outlining Xerox's strategy for the 1980s, he said the group sought to retain a position of leadership in its various sectors ranging from copiers and duplicators to electronic printing and office products. While Xerox "aims to be the lowest cost supplier of quality products," this strategy is designed not only to boost the company's stand-alone products but to integrate them into integrated office product systems.

While pressing ahead with an ambitious investment programme, Mr Kearns said Xerox would continue to rationalise the company. Xerox eliminated 2,754 jobs last year and while declining to be specific, Mr Kearns indicated that the company's workforce of 120,961 people at the end of last year would be smaller by the end of 1982.

The company's operating revenues increased 6 per cent last year over 1980 and rose 2 per cent in the final quarter. Revenues for 1981 totalled $8.69bn compared with $8.19bn the year before. Fourth quarter revenues were $2.28bn against $2.23bn.

Xerox officials told security analysts yesterday that the negative impact of foreign currency translations and the company's workforce resizing programme were offset by lower 1981 tax rates. Foreign currency translations were likely to continue to adversely affect earnings this year.

Mr Kearns said he was disappointed by the performance of Xerox's office products division which reported much higher losses than the company had anticipated. But he added that these losses were expected to decline this year and the company hoped the division would be profitable by the end of 1983.

The company said it planned to make additional investments this year to develop new products and systems to further broaden its reprographic, electronic printing and office information systems operations and capabilities.

Chrysler decision on defence unit near

By Ian Hargreaves in New York

CHRYSLER, the motor company, bailed out last year by the U.S. government, has paid off the last tranche of its bank debt and is close to reaching agreement with General Dynamics on the sale of its defence division.

A decision on selling the defence company, which makes tanks for the U.S. army, could be made at Chrysler's regular board meeting next Thursday, although it was not clear yesterday whether General Dynamics had offered an acceptable price or whether other bidders may yet re-enter the picture.

The repayment of the last $47m of Chrysler's bank debt, at the concessionary rate agreed last year as part of the bail-out, represented a historic moment for Chrysler, whose banks several times during the tortuous rescue talks threatened to push the company into bankruptcy.

As a result of the $47m payment, made six weeks ahead of the originally agreed deadline, Chrysler is left with no bank loans to the parent company with the exception of a small loan to an Iranian bank the company has been unable to contact.

Chrysler Canada and Chrysler Mexico still have loans, as does Chrysler Financial.

Mr Lee Iacocca, Chrysler's chairman, said that the early repayment was evidence of the company's strong cash position in the midst of another slump in car sales.

Chrysler will release its year-end earnings on Wednesday and will, according to Mr Iacocca, report a lower loss for the fourth quarter than the $100m generally expected on Wall Street.

Zero coupon issue for Gaz de France

BY ALAN FRIEDMAN

GAZ DE FRANCE, the state-owned French gas utility, has become the first non-U.S. borrower to launch a zero coupon bond with a $150m ten-year offer priced at 25.82 per cent.

The issue, through Credit Commercial de France, will provide around $39m of actual funds and a yield of 14.50 per cent. The market's response was said to be encouraging.

Gaz de France was last in the Eurodollar bond market a year ago. Its new zero coupon issue is being sold evenly between investors in Japan and Europe.

The vogue for non-interest paying zero coupon bonds continued briskly yesterday, with the news that a management group was being formed to launch a $400m 10-year offer for R. J. Reynolds, the U.S. tobacco and foods group. The paper is being lead-managed by Dillon Read.

In the fixed-interest Eurodollar sector, Morgan Stanley said it was pricing its $100m Astra issue at 16⅛ per cent, a significantly higher price than the originally indicated 16 per cent.

The borrower is clearly paying the price of being a Mexican retail group (despite its Kmart backing) and it is also accepting a discount of ½ per cent in the terms. At 99½ the yield comes to 16.9 per cent.

Another higher-than-anticipated coupon pricing took place yesterday, this time in the Canadian dollar sector, where Merrill Lynch decided to put a 17 per cent coupon on its C$50m of TransAlta paper. This compares with the original indication of 16½ per cent.

The earlier coupon possibly would have been acceptable had it not been for a 17½ per cent coupon yesterday for Orion's new C$40m five-year paper for Consolidated Bathurst. This, at least, was the view of some market participants.

In the secondary market Eurodollar bond prices held up in light trading and the day closed with a net gain of at least ¼ point.

D-mark Eurobond prices closed ¼ to ½ point higher and in the Swiss franc foreign bond market prices were slightly down on low turnover.

Growth in earnings sustained at Sohio

By Roderick Oram in New York

STANDARD OIL of Ohio (Sohio), 53 per cent owned by British Petroleum, has reported a marginal increase in net profits for the fourth quarter. They rose to $477.8m, or $1.94 a share, on sales of $3.7bn from $475.8m, or $1.93, on $3.06bn a year earlier.

Some other oil companies have turned in flat or higher profits for the final period but few have reported full year growth. Because of strength earlier in the year Sohio was able to lift full year net profits to $1.95bn, or $7.92 a share, on sales of $13.8bn from $1.8bn, or $7.37 on $11.34bn in 1980.

Texaco also reported a similar trend yesterday. It lifted final period net to $507m, or $1.96, on sales of $14.7bn from $500m, or $1.86, on $14.1bn a year earlier. This brought the full year figures to $2.3bn, or $8.75, on $59.4bn from $2.24bn, or $8.31, on $52.5bn in 1980. The 1980 figure excluded the extraordinary gain from sale of Texaco's interest in Belridge Oil.

Sohio said that operating income from refining and marketing improved to $256m in 1981 from $248m in 1980 mainly because of higher margins and better product yields. But the volume of refined products sales fell 9 per cent to 378,000 barrels a day last year.

The company's coal operations reported a loss of $13m last year against an operating profit of $6m in 1980, reflecting a 10 week strike in the second quarter.

Mineral operations, consisting of the assets acquired in its takeover of Kennecott, suffered a loss of $59m since the June 4 acquisition date, primarily because of depressed copper and precious metal prices. The fabricating and manufacturing operations of Kennecott earned $32m in the same period.

KLM stays in black despite poor quarter

By Michael van Os in Amsterdam

KLM, the Dutch airline, saw its net loss more than double to Fl 7.7m ($3.04m) from Fl 3.4m in its third quarter to the end of December. Exchange rate factors were a major element in pushing the group to its first quarterly loss in its current year.

After nine months, however, net profits were well ahead from Fl 76m to Fl 108m, despite the exchange rate factor.

Total revenues in the latest quarter increased by 23 per cent to Fl 1.14bn while costs grew by 30 per cent to Fl 1.15bn. For the nine months revenues came to Fl 3.58bn (up by 24 per cent) while costs were ahead by the same degree to Fl 3.45bn.

The net loss per share for the quarter came out at Fl 1.98 against Fl 0.84, reducing the per share profit for the nine months to Fl 27.09 against Fl 19.08.

In terms of ton/kilometre the airline increased its passenger carryings by 11 per cent in the third quarter, although there was a 10 per cent decline in charter flights. The load factor (percentage of seats filled) increased from 61.1 per cent to 62.5 per cent.

The airline said there was a net exchange loss on short-term and long-term assets and debts of Fl 8m for the quarter, which took the cumulative exchange loss to Fl 46.6m compared with the Fl 6.7m gain for 1980-81. The higher rate of the dollar against the guilder also worked against revenues.

The airline included Fl 9.8m in its revenues which represented the difference between book value and the insurance payment on an aircraft which crashed on a domestic flight last October.

Loss widens at Western Air Lines

By Our New York Staff

WESTERN AIRLINES, the ninth largest domestic U.S. carrier, has reported a net loss of $52.1m for the fourth quarter against a year earlier loss of $9m. The large deficit was in line with a forecast made by Mr Neil Bergt, who became chairman in December.

The full-year net loss was $69.4m against a loss of $29.6m a year earlier. Revenues were $1.1bn compared with $995.8m with a 1981 final period contribution of $233.2m against $252.2m in 1980.

The year-end net loss came in spite of a $16.9m gain on aircraft sales compared with a similar gain of $32.1m in 1980.

The airline, which serves mainly the western U.S., Canada and Mexico, managed to lift its revenue per passenger mile to 11.13 cents from 10.1 cents in 1980.

Food groups make progress

BY OUR FINANCIAL STAFF

MODEST GAINS in earnings were announced yesterday by two major food groups, Quaker Oats and Nabisco Brands. At Nabisco Brands, net earnings of $366.3m or $4.21 a share, for fiscal 1981, measure up to the forecasts made when the group was created in July last year by the merger of Nabisco and Standard Brands. The 1980 net earnings of $334.8m or $3.73 a share reflect a combination of the two separate companies' results.

For the current year, analysts have predicted that earnings will move up to around $4.85 a share, helped by the strength of Nabisco's biscuit operations.

Nabisco Brands earns the bulk of its profits from consumer foods, with the Nabisco side dominating the field in biscuit and cereals, and Standard strong in snacks, pet foods and corn sweeteners. About one-quarter of earnings come from outside the U.S.

At Quaker Oats, which takes about one-fifth of its earnings from toys, including the well known Fisher-Price subsidiary, earnings for the first half of the year have moved slightly higher. The net total of $53.2m or $2.63 a share compared with $45.1m or $2.12 a share includes a tax free gain of $4.9m from the exchange of common shares for part of the sinking fund debentures.

The second quarter saw earnings rise from $22.4m to $25.8m or $1.27, on sales of $749.1m compared with $690.3m.

Inflation hits Petrobras result

BY ANDREW WHITLEY IN RIO DE JANEIRO

PETROBRAS, the Brazilian State oil company, more than doubled its spending on exploration and the development of new oil fields last year as part of the country's drive to reduce its dependence on imported oil.

Exploration and development absorbed Cruzeiros 230.7bn (U.S.$1.72bn at the current exchange rate) in 1981 and represented 53 per cent of the majority State-owned company's total investments.

The sharp increases in investments over the 1980 figure and a fall-off in the domestic sale of oil products were largely responsible for a drop in net profits in real terms.

Consumption of oil products in Brazil fell 8 per cent during the year but was not fully compensated for by Government authorised price rises.

Preliminary results for 1981 show that Petrobras' net profits rose 92 per cent in nominal terms during the period but failed, for the second year running, to keep up with Brazil's inflation, which runs at 95.3 per cent, as measured by the Government's General Price Index.

Profits of Cr 80.7bn ($602m) were earned on a total turnover of Cr 1,869bn ($13.9bn). Dividends per share for Petrobras' 230,000 individual shareholders were also reduced marginally to their lowest level in recent years.

Goodyear to expand in Brazil

BY OUR RIO DE JANEIRO CORRESPONDENT

GOODYEAR DO BRASIL, the country's second largest manufacturer of vehicle tyres and other rubber products, is to invest US$306m over the next few years in plant designed to establish Brazil as a major exporter of tyres throughout the southern hemisphere.

The announcement was made by Mr George Steward, the head of Goodyear's Brazilian operations, during the signing in Brasilia of an important export incentives agreement with the Brazilian Government.

Under the agreement, which forms part of the long running Befiex programme, Goodyear do Brasil has committed itself to exporting $770m worth of goods over the next 10 years.

The target will involve a considerable increase in the company's export performance. Between 1978 and 1980, when it did not have the benefits of the Befiex scheme, Goodyear's exports totalled approximately $50m.

Pirelli, the market leader in Brazil, is still negotiating with the Government over the terms of its own future Befiex agreement.

The scheme tries to strike a balance of interest between fiscal incentives, export subsidies and a proportion of duty free imports on the one hand and a high export commitment on the part of the company. Excluding the Goodyear agreement, the Befiex scheme now covers exports worth potentially $36.5bn, under agreements averaging eight years duration.

Goodyear do Brasil's new investments are said to be intended for the modification of existing plant, to make radial tyres, seen by the company as the main export hope.

Magnuson Computer in the red

BY LOUISE KEHOE IN SAN FRANCISCO

Magnuson Computer Systems of San Jose, California, a major manufacturer of "plug compatible computers" — main frame systems that can be used in place of IBM machines while running on IBM software—is in trouble.

The company's chairman, president and chief executive officer, Mr Joseph L. Hitt, has resigned, and the company reports a loss of over $10m on sales of less than $5m in the last three months of 1981. According to Mr Charles R. Cole, acting president, the loss stems from a write-off of accounts receivable and stocks, and lower than expected revenues.

The announcement follows news that Storage Technology Corporation has terminated its merger talks with Magnuson. Six weeks ago STC agreed to buy Magnuson in a stock deal worth $73m.

While Magnuson is faltering, the market for plug compatible machines is booming, according to market analysts. Although sales of plug compatible systems are down—along with all computer sales—plug compatible manufacturers have increased their share of the computer market to almost 20 per cent since the first such systems appeared six years ago.

Magnuson's problems will now raise questions about the concepts of plug compatibles, as customers may opt for the security of an IBM system—supported by that company—rather than purchasing from a less stable PCM manufacturer who perhaps will not be able to support his product.

Marsh and McLennan lifts annual profits

By Our Financial Staff

DESPITE A downturn in the final quarter, blamed on Bowmaker, the credit finance subsidiary since sold off, Marsh and McLennan, the world's largest insurance broker, has ended fiscal 1981 with net earnings 19 per cent higher at $120.1m or $3.27 a share. But the 1981 figures include a full year from C. T. Bowring of the UK, while the comparable figure takes in only six months from Bowring.

Revenues rose by 25 per cent to $846.8m in 1981, again taking in the Bowring acquisition.

In the fourth quarter, operating income was 14 per cent higher but at net level, "substantially lower earnings at Bowmaker" left the total 3 per cent down at $22m. Pre-tax income from Bowmaker was $10m down in the quarter.

Factors contributing to Bowmaker's downturn were pinpointed as higher UK interest rates, slackening UK loan demand, and acquisition-related accounting adjustments. Bowmaker has been sold to Lloyds and Scottish of the UK for $150m.

Mr John M. Regan, chairman, commented: "We were pleased that our results for 1981 and for the fourth quarter showed continued growth in each of our basic areas of activity. Insurance services revenue in the 1981 fourth quarter was 11 per cent ahead and was up 23 per cent for the full year. Benefits consulting reported a 17 per cent revenue increase for the fourth quarter and a 16 per cent gain for all of 1981."

Gulf Oil to cut capacity

BY OUR NEW YORK STAFF

GULF OIL, the fifth largest U.S. oil company which yesterday confirmed that it is holding talks to sell its refinery in Milford Haven, Wales, to Kuwait, is to pursue its strategy of pulling back from weak markets and emphasising the strong.

The Pittsburgh-based company told its annual analysts meeting that its refining system will be adjusted accordingly.

"As we reduce capacity in both the U.S. and Europe we do more than simply reduce costs," said Mr James Lee, the chairman. "We bring our crude slate into better balance and lessen our dependence on foreign crude supplies."

Gulf has for some time been trying to improve the structure of its operations. Another matter for concern is its access to crude supplies, which have been dwindling for the oil major, which was once self-sufficient.

Mr Lee said: "Our best shot at reversing decline may be to buy reserves both developed and undeveloped." Because of this, he said Gulf needed to be in a strong financial position and be able to borrow money quickly.

Gulf expects to improve its earnings this year from the $1.23bn to net income in 1981 because of competitive crude costs and higher margins on refining and marketing.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16. Closing prices on January 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101⅛	102¼	0	−0¼	15.94
APS Fin. Co. 17¼ 86	60	103	103½	+0⅛	−0⅝	16.13
Armco O/S Fin. 15⅜ 88	50	98⅝	99⅜	+0⅞	−0⅜	15.64
Bank Montreal 16¾ 91	150	99¾	100¼	+0⅛	0	16.22
Br. Colum. Hyd. 16¾ 88	100	100⅜	101⅛	0	0	15.94
Br. Colum. Mia. 17 97	54	103¼	103⅞	+0⅛	−0⅜	16.35
Can. Nat. Rail 14½ 91	100	92⅞	93⅜	0	+0½	16.03
Caterpillar Fin. 16½ 86	100	101⅛	101⅝	+0⅛	0	15.96
CFMP 16¾ 86	100	101⅛	102¼	0	0	16.35
CIAC 16⅝ 91	100	101	101½	+0⅛	+0½	16.43
Citicorp O/S 16¾ 86	150	102½	103	−0⅛	−0¼	15.80
Cities Service 17 88	150	103	103½	−0⅛	−1½	16.09
Cons. Bathurst 17½ 88	60	103⅜	103⅞	+0⅛	0	16.52
CPC Fin. 16⅜ 86	50	102⅜	102⅞	−0½	−2⅛	15.86
Dupont O/S 14½ 88	400	96⅜	97⅛	0	0	15.23
EIB 16½ 88	100	100⅜	100⅞	+0⅛	−0⅛	16.30
EIB 16⅜ 91	100	100½	101	0	−0⅛	16.54
GMAC O/S Fin. 16½ 84	300	100½	101	0	−0⅛	16.04
Gulf States O/S 17¼ 88	60	103⅞	104⅛	−0½	+0⅛	16.37
Japan Airlines 15⅜ 88	50	99¼	99¾	+0⅛	+0¼	15.74
Nat. Bk. Canada 16½ 88	4·	100½	101	+0⅛	+0⅜	16.95
Nat. West. 14⅛ 91	100	95⅛	95⅝	+0⅛	0	15.65
New Brunswick 17 88	60	104	104½	+0⅛	−0⅛	15.85
Newfoundland 17¼ 89	60	105⅜	105⅞	−0¼	−0⅛	15.78
New & Lab. Hy. 17¼ 89	75	103¼	103¾	−0¼	−0½	16.33
Ohio Edison Fin. 17½ 88	75	103	103½	+0⅛	−0⅛	16.59
OKG 15⅜ 97	60	97	97½	0	−0⅛	16.27
Ontario Hyd. 16 91 (N)	200	99⅞	100⅜	0	+0⅛	15.94
Pac. Gas & El. 15⅜ 89	80	98⅞	99⅜	−0½	−2⅛	15.94
Quebec Hydro 17¼ 91	150	103⅜	103⅞	0	−0⅛	16.47
Quebec Province 15⅜ 89	150	96	96½	+0⅛	−0⅛	16.10
Saskatchewan 16¼ 88	100	100⅜	101	+0½	+0⅛	16.01
Statsforetag 15⅜ 87	50	98	98½	−0⅛	−0½	16.28
Sweden 14½ 88	150	92⅜	92⅞	+0¼	−0⅛	16.33
Swed. Ex. Cred. 16½ 93	75	100⅞	101⅜	−0⅛	−0⅛	16.24
Tenneco Int. 17 89	100	103½	104	0	0	16.05
Texas Eastern 15⅞ 88	75	98⅞	99⅜	0	−0½	16.05
Transcanada 17⅜ 88	75	105⅞	106⅜	0	+0¼	16.10
Transcanada 16 89	100	99½	100	0	−0½	16.02
Walt Disney 15⅜ 86	100	100⅝	101⅛	+0½	+0⅛	15.34
Winnipeg 17 56	50	102½	102⅞	−0⅛	−0⅛	16.08
WMC Fin. 15½ 88	50	95½	97	+0½	0	16.29
World Bank 16 89	80	99½	100	0	+0⅛	16.00
World Bank 16½ 86	130	101⅞	102½	+0½	−0⅛	15.82
World Bank 16⅞ 88	100	100⅜	101⅛	+0⅛	+0⅛	16.18

Average price changes. On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 10½ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 9¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial Int. 11 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coun. of Europe 10⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coun. of Europe 10¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 10⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 10⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inter-American 10¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 10⅞ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Air Lines 8 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Int. Fin. 8⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mt. Bk. Dnmk. 10½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 9¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 10⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 10¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault Acnt. 10⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cred. 10¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes. On day +0⅛ on week +0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aerospat. Paris 6¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 6⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 6¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bell Canada 7¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen, City of 6⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coun. of Europe 6⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 6⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 5¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 7¾ 90	100	103¾	103½	−0⅛	−0½	[illegible]
Franc. Petroles 6½ 91	80	†96	96½	0	−0⅛	7.16
Genstar 7 91	100	101½	102	−0½	−0¼	6.72
Int. Amer. Dv. Bk. 7 91	100	99½	99¾	0	−0½	7.20
I'S Elsam 8½ 91	60	†104½	104¾	−0⅛	−0⅛	7.79
Japan Air Lines 7½ 91	100	103⅛	104	−0¼	−0¼	6.69
Neder Gasunie 8 91	100	106⅜	106⅞	−0⅛	+0⅛	7.07
OKB 7 93	100	99½	100	+0⅛	0	7.07
OKB 7¾ 91	100	100⅞	101⅜	−0⅛	+0⅛	7.06
Oslo, City of 8 91	100	104⅞	105⅜	−0⅛	−0¾	7.26
Saint Etienne 8½ 91	20	104½	105	0	−0⅞	7.77
Swed. Ex. Credit 7¼ 91	75	97⅜	97⅞	0	+0⅛	7.59
TNT O/S Fin. 8 91	50	104½	105	+0⅛	−0½	7.30
Unilever NV 7½ 93	100	105½	105½	−0⅛	−0⅝	6.82
World Bank 8 91	100	92⅛	92⅞	−0½	0	7.11
World Bank 7 90	100	†100	100¼	−0½	+0⅞	6.97
World Bank 8 91	100	103½	103½	−0½	−1⅛	7.49

Average price changes. On day −0⅛ on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 81	15	98⅜	99⅝	0	−0⅞	8.38
Australia 6½ 88	20	81½	92½	0	+0¼	8.23
EIB 7¾ 89	12	98¼	99¼	0	−0½	7.88
Finland, Rep. of 8⅛ 87	15	98⅞	99⅞	−0¼	−1	8.51
Int.-Amer. Dev. 8⅜ 91	75	101⅞	102⅜	0	−0½	8.50
New Zealand 8⅜ 87	15	100	101	0	−0⅜	0.24

Average price changes. On day 0 on week −0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†98	98½	0	+0½	17.31
Federal Dev. 17¾ 86 C$	40	†102½	103½	0	0	16.71
GMAC (Can.) 18 87 C$	60	†105¾	106⅜	+0¼	+0½	16.15
Pancanadian 16½ 88 C$	65	†98¼	98¾	0	+0⅛	16.85
Queb. Urban 16⅜ 86 C$	20	†100	101	0	0	16.55
Roynat 17¾ 86 C$	40	†101⅛	102⅜	−0⅛	+0⅛	16.62
Tordom Con. 13½ 85 C$	30	†93½	94½	+0½	0	15.89
M. Bk. Dnmk. 8 91 EUA	25	84	85½	0	+0½	11.68

	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8¾ 89 EUA	40	78	79¼	0	0	12.96
U. Bk. Nwy. 9½ 90 EUA	18	91½	92¼	0	0	11.01
Algemene Bk. 10½ 86 Fl	60	97½	97¾	−0¼	−0½	10.99
Amfas Group 12½ 86 Fl	40	102½	103½	+0¼	−0¼	11.44
Amro Bank 12 86 Fl	75	101¼	101¾	+0¼	+0¼	11.50
Amro Bank 12 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	110	[illegible]	[illegible]	[illegible]	[illegible]	10.75
Pierson 10½ 86 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	11.21
Rabobank 12 86 Fl	50	[illegible]	[illegible]	[illegible]	[illegible]	11.48
Air France 14¼ 86 FFr	200	93¾	94½	+0¼	+0¼	16.61
Bk. America 14½ 85 FFr	400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Charb'nages 13¾ 85 FFr	400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 14¾ 88 FFr	300	89½	90½	0	0	16.94
La Redoute 14¾ 85 FFr	125	91	92	−0½	0	17.52
OKA 14 86 FFr	400	[illegible]	[illegible]	[illegible]	[illegible]	16.44
Solvay et C. 14¾ 86 FFr	200	[illegible]	[illegible]	[illegible]	[illegible]	17.21
Swed. E. Cr. 14¾ 86 FFr	200	[illegible]	[illegible]	[illegible]	[illegible]	17.12
U. Mex. Sts 14¾ 85 FFr	150	[illegible]	[illegible]	[illegible]	[illegible]	17.35
Acona 14 85 £	20	[illegible]	[illegible]	[illegible]	[illegible]	17.35
Beneficial 14½ 90 £	20	[illegible]	[illegible]	[illegible]	[illegible]	17.79
BNP 13¾ 91 £	15	[illegible]	[illegible]	[illegible]	[illegible]	16.82
CECA 13¼ 89 £	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 13½ 90 £	50	[illegible]	[illegible]	[illegible]	[illegible]	15.78
Fin. Ex. Cred. 13¼ 86 £	15	[illegible]	[illegible]	[illegible]	[illegible]	16.22
Gen. Elec. Co. 12¾ 89 £	50	[illegible]	[illegible]	[illegible]	[illegible]	15.83
Hiram Walker 14½ 86 £	25	[illegible]	[illegible]	[illegible]	[illegible]	16.13
Privatbanken 14⅛ 88 £	12	[illegible]	[illegible]	[illegible]	[illegible]	17.01
J. Rothschild 14¼ 90 £	12	[illegible]	[illegible]	[illegible]	[illegible]	15.52
Royal Trustco 14 86 £	12	[illegible]	[illegible]	[illegible]	[illegible]	15.90
Swed. Ex. Cr. 13¾ 86 £	20	[illegible]	[illegible]	[illegible]	[illegible]	16.49
Akzo 9½ 87 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9¾ 88 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	12.91
Eurofima 10¾ 87 LuxFr	500	[illegible]	[illegible]	[illegible]	[illegible]	12.34
EIB 9¾ 88 LuxFr	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 9¾ 87 LuxFr	500	86	87	0	−0½	13.19

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.20
Bank of Montreal 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.13
Bank of Tokyo 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.49
Bk. Nova Scotia 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.11
BAL Int. 5¼ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.60
BFCE 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.96
Christiania Bk. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.70
Co-Ban Eurofin 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.86
Den Norske Cred. 5¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.85
Genfinance 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.80
Gzb and Bank 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.48
Lloyds Eurofin 5¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.15
LTCB Japan 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.79
Midland Int. Fin. 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.08
National Fin. 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.69
Nat. Bk. Canada 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. Fin. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.30
Nat. West. Fin. 5½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.08
Nordic Int. Fin. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.90
Offshore Mining 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.21
Pemex 6 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PKbanken 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.11
Sanwa Int. 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.21
Scotland Int. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.77
Sec. Pacific 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.06
Societe Generale 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.95
Sparebanken 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.55
Sumitomo Fin. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.74

Average price changes. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	[illegible]	[illegible]	[illegible]	[illegible]
Bow Valley Inv. 8 95	4/81	23.12	81	82	−0½	41.11
Canon 6¼ 95	1/81	828	[illegible]	[illegible]	[illegible]	[illegible]
Ozawa Secs 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu Fanuc 4¼ 96	10/81	6770	[illegible]	[illegible]	[illegible]	[illegible]
Furukawa Elec. 5¼ 96	7/81	300	[illegible]	[illegible]	[illegible]	−2.73
Hanson O/S Fin. 9½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cred. Con. 5 96	7/81	1773	[illegible]	[illegible]	[illegible]	6.77
Inchcape 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.69
Kawasaki 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui 6 96	7/81	931	[illegible]	[illegible]	[illegible]	[illegible]
Matsushita El. 7¼ 95	11/80	509	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera 5 96	10/81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata 5¼ 96	7/81	2190	77⅛	79⅛	−0⅛	26.45
NKK 6¼ 96	7/81	189	96¾	97¾	−1⅛	4.90
Nippon Chemi-C. 5 91	10/81	919	76½	78½	0	3.56
Ricoh 6¾ 95	8/80	504	111	113	−2⅜	1.42
Sanyo Electric 5 96	10/81	652	78½	80	−0⅞	2.16
Sumitomo Met. 5¾ 95	[illegible]	306	80½	81⅜	−2½	−0.79
Swiss Bk. Cpn. 6¾ 90	9/80	191	†72	74	0	18.16
Taylor Woodrow 8¾ 90	1/81	4.93	†96	97	+1	−3.52
Trinsco Int. 9¾ 95	[illegible]	69	†71	72½	0	30.17
Trieorg 8½ 95	2/81	32.25	†62	63½	+1	46.51
Union Bk. Switz. 5 89	2/80	70.79	†78	80	0	3.96
Konishiroku 6 97 DM	2/82	585	103¾	104¾	−1⅛	−1.97
Mitsubishi H. 6 89 DM	2/82	263	100⅞	101⅞	−0¼	−1.15

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes. Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds. Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NORTH AMERICAN QUARTERLY RESULTS

ALEXANDER AND BALDWIN	1981 $	1980 $
Fourth quarter		
Revenue	89.1m	115.6m
Net profits	7.29m	18.45m
Net per share	0.80	2.02
Year		
Revenue	385.2m	461.3m
Net profits	24.37m	71.86m
Net per share	2.66	7.89

AMERICAN HOSPITAL SUPPLY	1981 $	1980 $
Fourth quarter		
Revenue	764.9m	663.5m
Net profits	36.3m	33.6m
Net per share	0.76	0.71
Year		
Revenue	2.87bn	2.45bn
Net profits	146.6m	127.9m
Net per share	3.08	2.72

AMP	1981 $	1980 $
Fourth quarter		
Revenue	307.3m	290.5m
Net profits	33.49m	29.3m
Net per share	0.93	0.81
Year		
Revenue	1.23bn	1.56bn
Net profits	134.8m	123.6m
Net per share	3.75	3.44

BRIGGS AND STRATTON	1981-82 $	1980-81 $
Second quarter		
Revenue	186.3m	161.9m
Net profits	14.9m	9m
Net per share	1.03	0.62
Six months		
Revenue	318.9m	305.9m
Net profits	18.5m	15.4m
Net per share	1.35	1.06

BRUNSWICK CORPORATION	1981 $	1980 $
Fourth quarter		
Revenue	337.4m	306m
Net profits	17.55m	8.37m
Net per share	0.75	0.37
Year		
Revenue	1.34bn	1.2bn
Net profits	65.76m	23.95m
Net per share	3.01	1.01

BROWNING-FERRIS INDUSTRIES	1981-82 $	1980-81 $
First quarter		
Revenue	178.1m	157.3m
Net profits	14.62m	10.88m
Net per share	0.73	0.57

CENTRAL TELEPHONE AND UTILITIES	1981 $	1980 $
Fourth quarter		
Net profits	28.65m	23.11m
Net per share	1.00	0.87
Year		
Revenue	1.02bn	894.2m
Net profits	104.5m	91.33m
Net per share	3.83	3.46

CHARTER MEDICAL	1981-82 $	1980-81 $
First quarter		
Revenue	76.07m	58.27m
Net profits	3.13m	1.89m
Net per share	0.39	0.25

CONSOLIDATED BATHURST	1981 $	1980 $
Fourth quarter		
Net profits	18.4m	31.1m
Net per share	0.78	1.37
Year		
Revenue	1.48bn	1.39bn
Net profits	112.1m	122.4m
Net per share	4.87	5.42

COOPER INDUSTRIES	1981 $	1980 $
Fourth quarter		
Net profits	66.57m	44.52m
Net per share	1.40	0.93
Year		
Revenue	2.87bn	2.33bn
Net profits	247.3m	171.4m
Net per share	5.05	3.59

EMHART CORPORATION	1981 $	1980 $
Fourth quarter		
Revenue	469m	485m
Net profits	26m	10m
Net per share	2.02	0.79
Year		
Revenue	1.75bn	1.8bn
Net profits	75m	65m
Net per share	6.06	5.32

ENSERCH CORPORATION	1981 $	1980 $
Fourth quarter		
Revenue	852.3m	684.7m
Net profits	46.14m	37.68m
Net per share	0.77	0.69
Year		
Revenue	3.36bn	2.69bn
Net profits	198.8m	160.2m
Net per share	3.55	2.82

FEDERAL PAPER BOARD	1981 $	1980 $
Fourth quarter		
Revenue	168.8m	149.2m
Net profits	11.41m	7.81m
Net per share	1.92	1.03
Year		
Revenue	520.3m	476.1m
Net profits	31.04m	29.13m
Net per share	4.61	3.35

GERBER PRODUCTS	1981-82 $	1980-81 $
Third quarter		
Revenue	167.4m	152.6m
Net profits	7.46m	7.21m
Net per share	0.84	0.81
Nine months		
Revenue	523.9m	458.6m
Net profits	29.61m	23.55m
Net per share	3.33	2.65

INTERLAKE	1981 $	1980 $
Fourth quarter		
Revenue	227.2m	253.9m
Net profits	11.7m	19.4m
Net per share	1.88	3.21
Year		
Revenue	1.02bn	1.06bn
Net profits	46.6m	13.8m
Net per share	7.59	2.29

MACLEAN HUNTER	1981 C$	1980 C$
Fourth quarter		
Revenue	116.4m	89.9m
Net profits	9.3m	7.57m
Net per share	0.32	0.27
Year		
Revenue	439.4m	313.3m
Net profits	27.1m	21.3m
Net per share	0.94	0.76

NAT. DISTILLERS AND CHEMICAL	1981 $	1980 $
Fourth quarter		
Revenue	521m	549.7m
Net profits	36.9m	30.8m
Net per share	1.08	0.89
Year		
Revenue	2.03bn	2.05bn
Net profits	136.7m	103.3m
Net per share	3.97	2.96

NATIONAL-STANDARD	1981-82 $	1980-81 $
First quarter		
Revenue	66.1m	70.8m
Net profits	†1.24m	1.54m
Net per share	†0.30	0.37

†Loss

OGDEN CORPORATION	1981 $	1980 $
Fourth quarter		
Revenue	572.6m	572.1m
Net profits	15.7m	13.89m
Net per share	1.15	1.07
Year		
Revenue	2.32bn	2.21bn
Net profits	65.08m	58.92m
Net per share	4.85	4.48

PEABODY INTERNATIONAL	1981-82 $	1980-81 $
First quarter		
Revenue	104.7m	102.4m
Net profits	1.36m	1.71m
Net per share	0.12	0.16

PPG INDUSTRIES	1981 $	1980 $
Fourth quarter		
Revenue	803.8m	842m
Net profits	39.1m	67m
Net per share	1.15	2.02
Year		
Revenue	3.35bn	3.16bn
Net profits	211.2m	209.2m
Net per share	6.27	6.34

PUROLATOR	1981 $	1980 $
Fourth quarter		
Revenue	171.1m	145.3m
Net profits	5.57m	5.68m
Net per share	0.90	0.84
Year		
Revenue	695.4m	561.3m
Net profits	26.79m	13.49m
Net per share	4.05	2.02

SPERRY CORPORATION	1981-82 $	1980-81 $
Third quarter		
Revenue	1.39bn	1.34bn
Net profits	47.2m	79.4m
Net per share	1.11	1.94
Nine months		
Revenue	4bn	3.88bn
Net profits	133.1m	218.8m
Net per share	2.21	5.39

TIDEWATER	1981-82 $	1980-81 $
Third quarter		
Net profits	19.2m	15m
Net per share	1.10	0.87
Nine months		
Revenue	366.7m	290.7m
Net profits	54.3m	39.5m
Net per share	3.12	2.31

TIME INC.	1981 $	1980 $
Fourth quarter		
Net profits	53.14m	39.22m
Net per share	0.86	0.69
Year		
Revenue	3.3bn	2.8bn
Net profits	148.8m	141.2m
Net per share	2.43	2.51

VARIAN ASSOCIATES	1981-82 $	1980-81 $
First quarter		
Revenue	161.5m	143.8m
Net profits	4.23m	3.21m
Net per share	0.50	0.40

WITCO CHEMICAL	1981 $	1980 $
Fourth quarter		
Net profits	11.20m	10.17m
Net per share	1.20	1.11
Year		
Revenue	1.29bn	1.17bn
Net profits	38.6m	40.9m
Net per share	4.14	4.50

هكذا من الأصل

Companies and Markets

INTL. COMPANIES & FINANCE

Profits at Siemens decline by 19%

BY STEWART FLEMING IN FRANKFURT

HEAVY LOSSES in data processing and electronic components have hit the profits of Siemens, West Germany's largest electrical group and the fifth largest electrical engineering company in the world. Its earnings have also been burdened by declining profitability in the U.S. and in its telecommunications and electrical engineering divisions.

The company reported yesterday that profits after tax for the year to September 1981 were 19 per cent down at DM 509m ($219m) in spite of an 8 per cent increase in sales revenues to DM 34.6bn. It is the third consecutive year of falling profits for Siemens since earnings hit DM 721m on sales of DM 29bn in 1977-78.

But, in the wake of mounting criticism of the company's performance in recent months and a 20 per cent fall in its share price over the past year, Dr Karlheinz Kaske, the chief executive, firmly denied that the company was facing major structural problems.

"There are no fundamental weaknesses in the company as a whole but some individual weaknesses which can be overcome," he said. "Ninety per cent of the company is healthy."

Dr Kaske stressed, however, that Siemens was putting increased emphasis on streamlining its operations to raise productivity and also heavier emphasis on profitability in some areas, even at the expense of sales growth.

In spite of an expected 10 per cent rise in sales revenues in 1981-82, Dr Kaske does not see a sharp recovery in profits. Though he claims that the slump of the past three years should now bottom out. The first quarter figures for the current financial year show a 2 per cent rise in earnings compared with 1980-81's first quarter to DM 144m, with sales revenues up by 13 per cent at DM 8.8bn.

Siemens also reported provisions of nearly DM 1bn last year to cover risks including currency changes and provisions against possible losses on contracts which have been taken but not yet completed. The company's conservative accounting policy has also been a burden on profitability in other ways in recent years. Thus since 1974-75 its research and development expenditure has doubled to DM 3bn each year, all of which the company says is written off immediately against current revenue.

The company's performance last year suffered under the burden of declining capacity utilisation (down from 82 per cent to 80 per cent it says), which in part reflected the slump in its domestic markets. Electrical engineering production in West Germany fell by 2 per cent in real terms last year.

Its own domestic sales revenues rose by only 4 per cent to DM 15.3bn ($6.6bn) against an 11 per cent rise overseas.

Siemens says its losses in the data-processing division are in part the result of the two-year delay in getting its new mainframe computer series the 7361-71 into production. In this division and the components group, however, earnings have been adversely affected by the company's efforts to produce too broad a product palette which is now in the process of being cut.

SIEMENS IN FIGURES

Division	Sales (DM bn)	% increase
Communications	10.4	12
Power engineering	9.2	24
Electrical installation	3.3	12
Medical Engineering	3.3	27
Data processing	1.9	20
Components	1.6	11

Write-offs for Lucerne's Cantonal Bank

By John Wicks in Zurich

THE Lucerne Cantonal Bank has written off a total of SwFr 44m ($23.8m) in its 1981 accounts, largely to cover risks on loans to two local companies. The bank has drawn SwFr 38m of its unpublished reserves to help cover the write offs.

The mobilisation of these reserves is with the permission of the Swiss Banking Commission, which said recently that losses should not be offset by transfers from hidden reserves without this being shown in banks' accounts. Delays in the disclosure of losses facing the Lucerne Cantonal Bank and Swiss Volksbank are understood to have led the commission to make this decision.

The Lucerne Cantonal Bank, Switzerland's seventh biggest bank with a balance-sheet total of SwFr 7.27bn ($3.93bn) at the end of last September, late last year announced it was the biggest single creditor of the Cohau building group which went into receivership in November with liabilities of SwFr 200m and assets believed to be of between SwFr 33m and SwFr 40m. A considerable bad-debt risk is now known to have arisen from the liquidation of the wood trading company, Holzindustriewerke of Baldegg.

For these two loss risks, the bank—the State bank of Canton Lucerne—has written off a total of SwFr 42m with the remaining SwFr 2m of the total covering regular write-offs depreciation.

Despite the scale of the write-off, the bank's net profits for 1981 were up by 11.5 per cent to SwFr 19.84m ($10.72m). An almost unchanged sum of slightly more than SwFr 5.4m is to be transferred to the Canton.

Dr Grundig back in full control as Hackel resigns

BY KEVIN DONE IN FRANKFURT

DR KURT HACKEL, 55, chief executive for the past 12 months of Grundig, West Germany's leading consumer electronics company, has resigned after completing only a third of his contract.

Dr Max Grundig, the 73-year-old entrepreneur and founder of the company in which he still holds a 75.5 per cent stake, is to resume the daily running of the business. Philips, the Dutch electronics group, is the minority shareholder in Grundig.

Dr Grundig has brought in Herr Berthold Beitz, already chairman of the supervisory board of Krupp, the steel and engineering group, to take over as supervisory board chairman at Grundig, freeing Dr Grundig to return to a full executive role.

The company said that Dr Grundig would continue to exercise his "unrestricted role as owner."

In recent years Dr Grundig has hired a series of chief executives, several of whom had been seen as possible successors. However, none have stayed the course.

Dr Hackel, who joined Grundig from NCR in Germany, where he had been general manager for 3½ years—he was previously 18 years with IBM and seven years with General Telephone and Electric of the U.S.—said yesterday that there was not room at Grundig for two people to be chief executive.

The first chief executive to fail to find a way to co-exist with Dr Grundig was Herr Hans-Heinz Griesmeier, who left in 1975 and is now head of Krauss-Maffei, the weapons manufacturer and engineering group. His successor, Herr Josef Stoffels is now head of AEG-Telefunken's consumer electronics subsidiary, Telefunken.

Before the arrival of Dr Hackel, Dr Grundig experimented with a triumvirate of senior managers—Herr Bruno Lippmann, Herr Hans Heinrich Firnges and Herr Axel Bartmann—but this too failed. Herr Lippmann is now chief executive of Hertie, West Germany's third largest stores group and Herr Firnges is head of Varta, the battery maker.

Grundig plunged into DM 187m ($81m) loss in the business year 1980-81, partly as a result of the heavy costs of a sweeping rationalisation programme it had undertaken in the last two years in order to improve the efficiency of its television operations.

In this period it closed 11 plants in Europe and cut its workforce by around a quarter to 29,000 in March last year.

Since last September the group has been working profitably again, however, helped by "above average" sales growth, particularly for video recorders.

Exports boost orders at Krupp by 27%

By Jonathan Carr in Bonn

FRIEDRICH KRUPP is the latest West German industrial group to report an orders boom in 1981. But it is still sustaining losses in steel and shipbuilding.

Krupp reports a 27 per cent rise in overall orders intake to DM 21.1bn ($9bn), thanks in particular to a rise of no less than 89 per cent to DM 7.4bn in foreign orders.

Foreign demand for Krupp industrial plant alone was up by 121 per cent to DM 3.3bn. One reason for the surge has been the relatively weak D-mark, which has helped make German goods more price-competitive overseas.

At the end of December, Krupp's external orders in hand—excluding intragroup orders—totalled DM 14.5bn, or 38 per cent more than a year earlier. Group turnover in 1981 was up by 7 per cent to DM 16.7bn.

In its preliminary report for the year, Krupp says that while its plant, mechanical engineering and trading divisions were all profitable, Krupp Stahl and the shipbuilding subsidiary, AG Weser, remained in the red. It was the two latter sectors which forced down group net profit in 1980 to DM 98m from DM 119m in 1979.

Rights issue from Preussag

BY OUR FRANKFURT STAFF

PREUSSAG, the West German energy, metals and transport group, is raising DM 105m in new capital through a rights issue to help finance its current investment programme.

The new issue will be made at a ratio of one new share for nine existing shares. Preussag has not raised its share capital since 1970 and the latest move will increase its nominal capital by DM 35m to DM 350m. The new shares, which will pay a dividend from the beginning of 1982, will be offered for subscription from March 1 to 16.

The major shareholder in Preussag — with about 35 per cent — is a holding company owned by three banks, Westdeutsche Landesbank (49 per cent), Hessische Landesbank (25.5 per cent) and Deutsche Girozentrale (25.5 per cent). A further 10.5 per cent is held by interests of the C. Deilmann mining and engineering group.

Preussag acquired a 25.1 per cent stake in Deilmann in November.

Preussag, which had group sales of DM 3.5bn in 1980, also tried last year to complete the takeover of the UK-based Amalgamated Metal Corporation, but it ran into opposition from Permodalan Nasional, the Malaysian Government's investment company. It succeeded only in raising its stake of 79.5 per cent to 85.33 per cent.

The German group had a planned capital investment programme last year of around DM 299m, up from DM 230m in 1980, with spending concentrating on the metals, oil and chemicals sectors. Its shares traded this week at around DM 205 per share. One of the star performers on the stock exchange last year, Preussag shares traded in 1981 between a low of DM 121 and a high of DM 230.

Bang & Olufsen to lift equity

By Hilary Barnes in Copenhagen

BANG & OLUFSEN, the Danish consumer electronics company, proposes a DKr 27m ($3.5m) increase in share capital after reporting a satisfactory first half year.

Sales increased by 26 per cent to DKr 980m and net earnings were DKr 19.5m, but no comparative figure was published as the group does not normally publish half year figures. Net profits in 1980-81 year were DKr 14m.

The share issue will be split three ways, a rights issue of DKr 12m at 105 per cent, an issue of DKr 12m B shares at market price and DKr 3m for subscription by employees at 105 per cent. The issue should bring the company DKr 35m in all. Shareholders equity capital at the end of last year was DKr 200m.

WestLB to raise new capital

THE West German state of North Rhine-Westphalia is expected to increase its stake in the capital of Westdeutsche Landesbank, the third largest German bank, to 43.27 per cent as a result of a planned DM 1.3bn ($560m) capital increase.

Herr Johannes Frohlings, the recently appointed President of the Rhine Savings Bank Association, one of the owners of WestLB, said yesterday North Rhine-Westphalia was expected to put DM 750m of new capital into the bank in July and would gain two new places on the bank's supervisory board.

In the past WestLB was owned jointly by the state, the savings bank associations in the state and the local authority associations in the state. The local authority associations, because of their financial position, will not be able to put new capital into the bank. As a result the two local authority associations will see their combined stake decline from one-third to 23.4 per cent, with the two savings bank associations holdings unchanged.

Austrian bank seeks more aid to cover bad debts

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S third largest bank, Oesterreichische Laenderbank, needs more aid from the Federal Government in order to recover from the effects of the collapse of two major industrial companies last year.

Dr Franz Vranitzky, the chief executive, revealed that the bank would need, in one form or another, "about Sch 400m" ($25m) per annum to make up for lost interest income and to cover the depreciation of bad debts of the camera group Eumig and OEKG, an electrical group.

The bank, 60 per cent State-owned, has already received a Sch 3bn guarantee facility from the Government, which has permitted the debts of the two insolvent companies to remain on the assets side of its balance sheet. Laenderbank can write off the amount over 25 years.

The law on the guarantees adopted by the Austrian Parliament last year allowed the bank to present a balance sheet for 1980 without adjusting its capital. But Dr Vranitzky made it clear that the accounting device was not enough in itself and that the bank needed either new equity for the State to take on the burden of the loans it could not recover from Eumig and OEKG.

In all, the failed companies cost the bank Sch 4.2bn.

However, the bank is faced not only with the need to earn the Sch 120m to finance the annual writing off of the loans over the 25 years, but also the equivalent of Sch 300m to cover lost interest income on items which appear in the balance sheet as assets.

No final decision has yet been made about the form and the size of the Federal aid, but both the Government and the opposition are willing to provide the necessary funds. One of the controversial issues will be the fate of the other industrial companies, which are controlled by Laenderbank which have a workforce totalling about 18,000.

The balance sheet of the Laenderbank rose last year by 12.6 per cent to Sch 133bn with the share of foreign business rising from 27 per cent to 33 per cent of the total. However, the bank failed to pay a dividend on its Sch 900m basic capital.

Ogem reaches agreement on sale of subsidiaries

BY OUR AMSTERDAM CORRESPONDENT

OGEM, THE troubled Dutch conglomerate, has finally reached provisional agreement on the sale of its Stokvis subsidiary and its African trading company, NAHV, to Transgulf International, a Swiss-based Pakistani-owned shipping group.

Stokvis, which employs around 1,200 people, groups about 40 technical companies in Europe, while NAHV employs about 1,350 largely outside the Netherlands.

OGEM said, however, that Transgulf had not yet completed its financial package, which was why the companies were being put into a specially created foundation, probably until April 1.

The banks and the Dutch Government are assisting in this move, with the State providing some undisclosed guarantees. This transaction is also designed to prevent the companies, particularly Stokvis, from possibly being dragged down with Ogem should the conglomerate be declared bankrupt.

Earnings fall at Georg Fischer

BOTH parent company and group earnings of Georg Fischer, the Swiss engineering concern, fell last year in comparison with 1980, writes John Wicks in Zurich.

In an interim report Fischer attributed the drop in group profits to a narrowing of margins and the consolidation of the two new subsidiaries of Lincoln of the UK and F[illegible] of Portugal.

In 1980 group [illegible] from SwFr 72m to SwFr 80m ($43.2m) while the parent company had recorded improved net profits of SwFr 11.1m.

Group turnover, which had been of SwFr 1.72bn in 1980, rose by 8.2 per cent to a record level of SwFr 1.85bn last year. Of this, machinery and plant [illegible] per cent of [illegible] plastic pro[illegible] and [illegible]

Record profits at Sanyo fail to meet expectations

BY YOKO SHIBATA IN TOKYO

SANYO ELECTRIC, a leading Japanese electrical appliance group, has run up its fourth consecutive record profit for the year to November 30, 1981, although the earnings total was below expectations.

Sanyo's unconsolidated operating profits rose by 11.9 per cent to Y43.72bn ($192m) while net profits were 13.2 per cent higher at Y23.95bn on sales of Y752.4bn ($3.3bn), up by 10.6 per cent. Per share profits were Y25.51, compared with Y25.38 in the previous year.

At the half-way stage Sanyo had forecast a 15 per cent growth in opertaing profits to Y45bn

The company's sales were Y17.5bn short of the original target, mainly because of delays in expanding its video tape recorder (VTR) production capacity. VTR sales totalled 950,000 units with a value of Y64bn, which was 150,000 sets, or Y10bn, short of the original target.

Consumer electronics, including VTRs, accounted for 53.7 per cent of total turnover; after rising by 14.5 per cent; household electrical appliances took 29.5 per cent (up 8 per cent); commercial electrical equipment, including freezer show cases, 7.7 per cent (down 10.3 per cent); and gas and oil heaters 4.6 per cent (up 16.8 per cent).

Exports rose by 20.1 per cent to account for 55.6 per cent of the total turnover. Strong exports, centring on VTRs, electronic ovens and kerosene heaters covered sluggish domestic sales, which rose by only 0.6 per cent.

Higher investment in research and development for super-large scale integrations and capital investment for office automation equipment was more than covered by an improvement in financial balances.

In the current fiscal year ending November, 1982, the company sees a sizable recovery in sales and earnings with fresh momentus provided by production expansion

In the current full year operating profits are projected at Y54bn, up by 24 per cent and net profits are expected to reach Y27.8bn, up by 16 per cent on sales of Y870bn, up by 15.6 per cent.

Containers acquisition boosts APM

By Our Sydney Correspondent

EARNINGS at Australian Paper Manufacturers (APM) rose 36.6 per cent to A$31.58m (US$35m) in the six months to December 31, from A$23.12m in the first half of 1980-81.

The results are boosted by the inclusion in the accounts for the first time of APM's shareholding in Containers, the packaging group which became a subsidiary last year.

Sales climbed by 43 per cent, from A$359m to A$513m (US$567m). The interim dividend has been raised from 6.5 cents a share to 7 cents. Earnings a share rose 1 cent to 15.4 cents.

APM has undergone a reshuffling of its packing divisions, placing them all under the umbrella of Containers.

The tax charge increased from A$16.22m to A$19.88m, as reduced by investment allowances of A$1.11m. Interest charges jumped from A$8.11m to A$11.19m. Depreciation rose from A$13.82m to A$16.76m.

Brambles raises interim earnings and dividends

BY GRAEME JOHNSON IN SYDNEY

BRAMBLES INDUSTRIES, the Australian transport group, has continued its growth pattern with an encouraging profit and dividend improvement in the December half year.

Net profit for the six months rose by 16.2 per cent from A$11.57m to A$14.08m (U.S.$15.6m). The interim dividend has been lifted from 6.5 cents to 7 cents a share on the capital increased by a one-for-eight rights issue. Turnover climbed by 23.6 per cent from A$162.61m to A$200.99m.

Extraordinary profits were A$793,000 for the six months compared with A$17.38m last time when Brambles sold its shareholding in Ampol Petroleum.

Sir John Marks, the chairman, said the latest result was achieved despite a very high level of industrial disputes

But in five out of the first six months "trading results were well ahead of last year."

Sir John said the outlook for the rest of the year was "quite favourable"

'Good progress' on bank merger

BY OUR SYDNEY CORRESPONDENT

THE NEWLY merged National Bank of Australasia and Commercial Banking Company of Sydney will be called the National Commercial Banking Corporation of Australia.

Sir Robert Law-Smith, the National's chairman, said the working parties set up to carry out the marriage between the two companies were making good progress. Sir Robert said the new bank was moving quickly to bring the offshore activities together, and a joint representative office would be opened in Tokyo in the next weeks.

Iscor to modernise Pretoria steelworks

By Bernard Simon in Johannesburg

ISCOR, South Africa's state-owned steel producer, is to modernise its Pretoria works at a cost of R400m ($410m). The project will be completed in 1986.

The centrepiece of the investment programme will be a new steelmaking plant, based on electric arc furnaces, with an annual capacity of 900,000 tonnes of liquid steel. Other new equipment will include a sponge iron plant and two continuous casting machines.

Much of the present equipment at the company's Pretoria works is more than 40 years old.

The plant, one of three major Iscor facilities, accounts for about one-fifth of total capacity. Iscor produced 7.13 tonnes of liquid steel in the 12 months to June 30 last, about 80 per cent of South Africa's total steel output.

SA clothing group ahead

By Jim Jones in Johannesburg

BERKSHIRE International, the South African clothing manufacturer which is 50.7 per cent-owned by the U.S.-based VF Corporation, reaped the benefit of a R500,000 expansion programme in the year ended January 2, 1982. Pre-tax profit was R3m against R2m in the year to January 3, 1981.

A total dividend of 26 cents has been declared from earnings of 127.3 cents a share while in the previous year a total dividend of 22.5 cents was paid from earnings of 83.4 cents.

Australian insurer advances

By Our Sydney Correspondent

FAI Insurances, which has launched a A$35.3m (US$39m) bid for Mercantile Mutual Insurance, lifted earnings by 13 per cent from A$2.92m to A$3.3m in the six months to December 31.

Gross revenue rose sharply from A$39.59m to A$59.28m while the interim dividend has been increased by 1 cent to 7 cents a share.

The growth in interim profits compare with a 60 per cent rise at the half-way mark last year and an overall advance for 1980-81 of 55.68 per cent.

Despite the advance in earnings the company suffered a A$899,046 underwriting loss against a A$278,558 profit in the previous corresponding period.

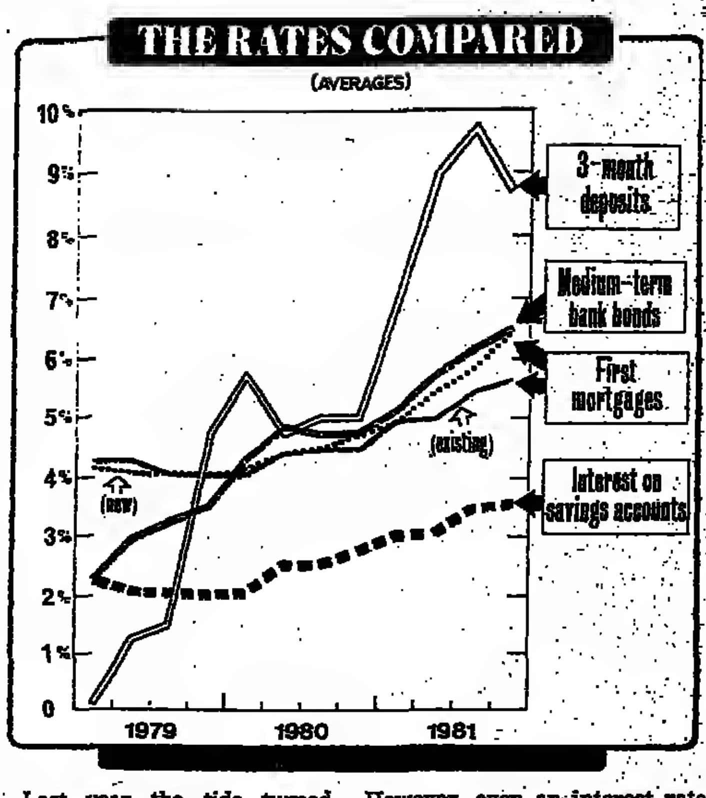
Premium income rose by A$4.72m to A$21.39m.

Arab Banking Corp

The shareholders in Arab Baking Corporation are Kuwait, Libya and Abu Dhabi. Qatar and the United Arab Emirates are not shareholders in the bank, as was reported on January 19.

John Wicks reports on an upheaval in a domestic money market

Shadow over Swiss banks



A CHANGE in the pattern of domestic interest rates bas cast a shadow over Swiss banking in the past year. Setbacks in net interest flows are responsible for an expected drop in the earnings of Crédit Suisse and the possible halving of Swiss Volksbank's dividend for 1981.

Many of tbe cantonal banks are threatened with lower profits, as are a number of the country's regional and savings banks.

Domestic operations play a dominant role in the activities of Swiss banks, for all tha country's importance in international finance. The home market accounts for 63 per cent of assets and 71 per cent of liabilities of Swiss banks and finance bouses. Even the Big Three banks like to keep at least half their customer, as opposed to inter-bank, business in Switzerlaod.

At the same time, the country traditionally tops world lists as baving the highest per capita savings and mortgage debt. Last year, Swiss savings and deposit books accounted for about SwFr 26,000 ($14,000) a head, with average mortgage iodebtedness, including indnstrial and agricultural as well as household, running around the same level.

For want of tax incentives, the building society movement has never caught on in Switzerland, where more than 70 per cent of all households are rented, though most are mortgaged.

The mortgage business is in the hands of the banks, and to a much less extent the insurance companies and pension funds.

The variable mortgage rate generally has an edge over the interest the banks pay on savings accounts, so there bas until recently been no financing problem. Amortisation of first mortgages is tbe exception rather than the rule, and the banks bave drawn an ongoing income from mortgage loans over many years.

Savings account

Mortgages financed largely by savings bave become the mainstay for the banks with a high share of domestic business. Well over half the total assets of the cantonal and regional banks are in mortgages. The big banks became closely interested in the business in the latter half of the seventies, when the difference between interest paid on savings accounts and the interest earned on mortgages was 2 per cent or so.

Last year the tide turned. Savings accounts, which had been yielding less than the inflation rate since early 1979, became a very poor attraction for investors. The big draw was the short-term money market, where interest rates more than doubled between January and October to reach a record 10¼ per cent for three-month deposits, against tha background of high Euro-currency rates.

Almost any investment came to pay more than that on savings books, which today carry an interest rate of only 3 to 3½ per cent. For the first time since the war banks were faced with a decline in savings.

There was, bowever, no corresponding drop in the demand for mortgages. In the first three quarters of 1981, mortgage assets of 71 reporting banks rose by nearly 12 per cent to SwFr 146.3bn ($80bn). While the difference between interest on savings accounts and mortgages widened to 3 per cent by the end of the year, the time-bonoured system of financing the one with the other ground to a balt. By November, Union Bank of Switzerland was saying bluntly: "The current re-financing situation makes practically every new domestic loan into a loss transaction, at least temporarily."

There has been some decline in short-term rates recently. However, even an interest rate of 8¾ per cent paid by the banks on three-month deposits is too bigh when they bave to be used to finance 6½ per cent mortgages. At the same time, conditions in the stock market and the return on the banks' own medium-term bonds (Kassenobligationen) have improved enongh to keep investors out of the traditional savings book sector. Kassenobligationen are also used to finance mortgages, but they cost banks about as much as the mortgages earn.

The banks are puzzled bow to solve the problem. A simple answer might seem a rise in mortgage rate. This is, however, subject to political considerations. A not unnatural outcry from property owners apart, the virtual indexing of rents to the mortgage rate hits tenants. Given the high proportion of Swiss households that are rented—with rent carrying a weighting of almost one-fifth in the cost-of-living index—the implications for inflation are obvious.

Another apparently simple solution would be to make savings accounts more attractive—or less unattractive—by offering a higber interest rate. But this would mean increases in mortgage rates and in other rates demanded by the banks. Prof. Paul Risch, managing director of the Cantonal Bank of Berne, claims that a ½ per cent rise in the savings rate in 1980 without adjustments elsewhere would have meant a two-thirds cut in the annual profits of the 29 cantonal banks.

Banks—made not only the poorer, but also the more unpopular, by the mortgage problem—are trying to work out new approaches to it.

Two of the most frequently canvassed ideas are to increase the sbare of first mortgages which are amortised and the introduction of mortgages at fixed interest rates and with maturities of at least five years. At present, less than half the banks' first mortgages are subject to amortisation and in cantons where amortisation is the rule repayment rates are only 1 per cent to 2 per cent annually.

First mortgage

Opinion is divided on what good it would do to make amortisation general, as suggested by Dr Fritz Leutwiler, President of the Swiss National Bank. The objections are primarily that amortisation payments would not have a noticeable effect on the mortgage rate and that current Swiss law ties rents to the mortgage rate aven where the property is not mortgaged.

The cantonal banks are keen to do away with the disparity between the interest rates on new and existing mortgages. A step in this direction may be taken on March 1, when the rate on existing mortgages is due to go up from 5¾ per cent to 6 per cent for first mortgages and to 6½ per cent from 6 per cent for second mortgages. It is thought that the rate on new business might drop, at the same time, to bring that on first mortgages down to 6 per cent, so putting it in line with existing loans.

However, the whole question of the March mortgage rate increase was clouded in mid-Jannary, when the Federal Council said it would look into the planned rise, and Willi Ritschard, the Finance Minister, appealed to banks to do "all in their power" to avoid it. The resulting effect on Swiss industry, he said, would raise social problems and jeopardise the competitive ability of Swiss industry.

For the time being, the mortgage sector will remain linked to money market fluctuations. The banks are restricting new mortgages to established customers, and in some cases issuing no first mortgages at all.

CURRENCIES, MONEY and GOLD

$ & £ rise

Dollar was slightly firmer in rather confused foreign exchange trading as the market awaited this week's U.S. money supply figures. Hopes of an improvement after recent disappointing figures were regarded with some scepticism, and there was also some nervousness ahead of the latest trade figures. Eurodollar interest rates were generally firmer.

Sterling improved against the dollar and major currencies in general, reflecting renewed optimism about the UK economy.

Irish punt weakened against its partners in the European Monetary System but was not under heavy pressure after the defeat of Dr FitzGerald's Fine Gael Government.

DOLLAR — Trade-weighted index (Bank of England) 110.2 against 109.8 on Wednesday and 112.0 six months ago. Three-month Treasury bills 12.68 per cent (15.24 per cent six months ago). Annual inflation 8.9 per cent (9.6 per cent previous month)—The dollar rose to DM 2.3275 from DM 2.3215 against the D-mark; to FFr 5.9210 from FFr 5.9150 against the French franc; to SwFr 1.8575 from SwFr 1.8550 in terms of the Swiss franc; and to Y231.10 from Y229.50 against the Japanese yen.

STERLING — Trade-weighted index 91.6, against 91.4 at noon, 91.3 in the morning and 91.2 at previous close (92.1 six months ago). Three-month interbank 14 5/16 per cent (14 1/4 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month).—The pound opened at $1.8660-1.8670 and fell to a low of $1.8640-1.8650. It recovered to $1.8675 at noon and advanced to $1.8765-1.8775 in the afternoon, before closing at $1.8715-1.8725, a rise of 45 points on the day. Sterling rose to DM 4.36 from DM 4.3375; to FFr 11.0850 from FFr 11.0425; to SwFr 3.48 from SwFr 3.4650, and to Y432 1/4 from Y428.50.

D-MARK — EMS member (central position). Trade weighted index 121.7 against 121.9 on Wednesday and 116.4 six months ago. Three-month interbank 10.30 per cent (13.00 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month). — The D-mark weakened against three members of the EMS at the Frankfurt fixing, improved against two, and was unchanged against the Irish punt. The Bundesbank sold $22.555m when the dollar was fixed at DM 2.3295, compared with DM 2.3090. Sterling rose to DM 4.3510 from DM 4.3330 at the fixing, but the Swiss franc fell to DM 1.2528 from DM 1.2587.

FRENCH FRANC—EMS member (second strongest). Trade weighted index 80.1 against 80.0 on Wednesday and 82.7 six months ago. Three-month interbank 15 1/16 per cent (17 1/2 per cent six months ago). Annual inflation 14 per cent (14.3 per cent previous month)—The franc fell from top position in the EMS yesterday, losing ground to four of the six other members at the Paris fixing. The D-mark rose to FFr 2.5434 from FFr 2.5425, and the top placed guilder to FFr 2.3190 from FFr 2.3175. The Irish punt fell to FFr 8.9425 from FFr 8.9500. Outside the EMS the dollar improved to FFr 5.9190 from FFr 5.8680, and sterling to FFr 11.0680 from FFr 11.0200.

DUTCH GUILDERS—EMS member (strongest). Trade-weighted index 114.1 against 114.2 on Wednesday and 107.9 six months ago. Three-month interbank 10 1/16 per cent (12 per cent six months ago). Annual inflation 7.2 per cent (7.3 per cent previous month) — The guilder replaced the French franc as the strongest member of the EMS yesterday. It gained ground against only two other members of the system at the Amsterdam fixing however, and was unchanged at Fl 3.85 against the vulnerable Irish punt. The dollar rose to Fl 2.5535 from Fl 2.5345, and sterling to Fl 4.7750 from Fl 4.7580.

THE POUND SPOT AND FORWARD

Jan 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8640-1.8775	1.8715-1.8725	0.03c pm-0.07dis	−0.13	0.22-0.32dis	−0.58
Canada	2.2325-2.2470	2.2410-2.2420	par-0.10c dis	−0.27	0.30-0.45dis	−0.67
Nethlnd.	4.78 1/2-4.79 1/2	4.77 1/2-4.78 1/2	1 1/4-1 3/4c pm	3.76	5 1/4-4 3/4 pm	4.08
Belgium	73.70-74.25	74.00-74.10	13-33c dis	−3.73	80-100 dis	−4.86
Denmark	14.24-14.32	14.25 1/2-14.26 1/2	par-1 1/4ore dis	−0.52	2 1/4-3 1/4 dis	−0.81
Ireland	1.2340-1.2430	1.2400-1.2415	0.27-0.38p dis	−3.14	1.06-1.22dis	−3.67
W. Ger.	4.34-4.37 1/2	4.35 1/2-4.36 1/2	1 1/2-1 1/4pf pm	3.78	4 3/4-4 1/4 pm	4.13
Portugal	125.50-126.50	126.10-126.40	40-155c dis	−9.27	135-405 dis	−8.56
Spain	184.75-185.50	185.25-185.45	par-25c dis	−0.81	50-85 dis	−1.46
Italy	2,331-2,341	2,335 1/2-2,336 1/2	12 3/4-15 3/4 lire dis	−7.06	45-48 dis	−7.96
Norway	11.05-11.12	11.07-11.08	1 1/2-1/2ore pm	1.01	1 1/4 pm-par	0.22
France	11.05-11.11	11.08-11.09	1/2-1 1/2c dis	−1.08	3 1/4-4 1/4 dis	−1.35
Sweden	10.62-10.67	10.63 1/2-10.64 1/2	2-1 1/4ore pm	1.83	6 1/2-5 1/4 pm	2.30
Japan	428-435	432 1/4-433 1/4	2.90-2.60y pm	7.62	8.40-8.16 pm	7.62
Austria	30.40-30.65	30.50-30.55	13-11gro pm	4.72	37-30 pm	4.39
Switz.	3.46-3.49	3.47 1/2-3.48 1/2	1 1/2-1c pm	4.31	4 3/4-4 1/4 pm	5.17

Belgian rate is for convertible francs. Financial franc 82.05-82.15. Six-month forward dollar 0.77-0.87c dis. 12-month 1.30-1.50c dis.

THE DOLLAR SPOT AND FORWARD

Jan 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8640-1.8775	1.8715-1.8725	0.03c pm-0.07dis	−0.13	0.22-0.32dis	−0.58
Ireland†	1.5060-1.5110	1.5080-1.5100	0.46-0.35c pm	3.18	1.26-1.10 pm	3.11

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

CURRENCY RATES

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

OTHER CURRENCIES

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 28 .... 0.581591

EXCHANGE CROSS RATES

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 28)

3 months U.S. dollars		6 months U.S. dollars	
bid 15	offer 15 1/8	bid 15 7/16	offer 15 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

MONEY MARKETS

UK rates firmer

London clearing bank base lending rates 14 per cent (since January 25)

Short-term interest rates were slightly firmer in London yesterday in predominently quiet trading. Buying rates for three-month eligible bank bills rose to 13 29/32-13 7/8 per cent compared with 13 13/16-13 25/32 per cent and three-month Treasury bills were higher at 13 1/2-13 7/16 per cent against 13 3/8-13 5/16 per cent. In the interbank market one week money was higher at 14 1/4-14 1/8 per cent from 14 1/8-14 per cent and three-month at 14 5/16-14 3/16 per cent from 14 3/16-14 1/16 per cent. Overnight money opened at 14 1/4-14 1/8 per cent and rose to 14 1/2-14 3/8 per cent before easing to 12 per cent in the afternoon. Further demand pushed up rates to 15 1/2 per cent but closing balances were taken nearer 5 per cent.

The Bank of England gave an early forecast of a shortage of around £250m. Factors affecting the market included bills maturing in official hands −£58m, Exchequer transactions −£120m and bank balances brought forward below target by £90m. The Bank gave assistance in the morning of £265m, buying £47m of eligible bank bills in band 1 (up to 14 days) at 13 7/8 per cent, £11m of Treasury bills in band 2 (15-33 days) at 13 3/4 per cent and £207m of eligible bank bills in band 2 also at 13 3/4 per cent. Further help was given in the afternoon with the Bank buying £10m of eligible bank bills in band 2 at 13 3/4 per cent. Total assistance was £275m.

In Amsterdam the five year Treasury bill tender attracted bids of Fl 721m allotted in full at 10.9375 per cent, giving a yield of 11.24 per cent. In the money market call money was quoted at 10 per cent slightly up from Wednesday's figure of 9.9375 per cent while longer term rates were easier by one eighth of a point where changed.

In Frankfurt the special Lombard facility remains open today at an unchanged rate of 10 per cent. In the money market yesterday call money was quoted at 10 per cent unchanged from Wednesday. Longer term rates were also unchanged.

In Singapore the Overseas-Chinese Banking Corp., one of the big four local banks, reduced its prime rate to 10.75 per cent from 11 per cent. This brought it into line with two other major banks, Overseas Union Bank and United Overseas Bank, and all three now have the lowest prime rate among major banks in Singapore.

MONEY RATES

NEW YORK

GERMANY

FRANCE

JAPAN

GOLD

Slight rise

Gold rose $2 1/4 to $383 1/2-384 1/2 in the London bullion market yesterday. It opened at $381 1/2-382 1/2 and was fixed at $381.50 in the morning and $383.50 in the afternoon. The metal touched a low point of $380 1/2-381 1/2 and a peak of $383 1/2-384 1/2.

In Paris the 12 1/2 kilo gold bar was fixed at FFr 72,000 per kilo ($378.34 per ounce) in the afternoon, compared with FFr 72,000 ($377.50) in the morning, and FFr 71,500 ($378.98) Wednesday afternoon.

In Frankfurt the 12 1/2 kilo bar was fixed at DM 28,700 per kilo ($384.88 per ounce) against DM 28,505 ($383.99) previously, and closed at $383-384 compared with $381-382.

In Luxembourg the 12 1/2 kilo bar was fixed at the equivalent of $381.50 per ounce, compared with $377.

In Zurich gold finished at $382-385 against $381-384.

Gold Bullion (fine ounce)

Gold Coins

LONDON MONEY RATES

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14 3/4 per cent; four years 14 3/4 per cent; five years 14 3/4 per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four months bank bills 13 13/16-13 3/4 per cent; four months trade bills 14 1/2 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 1/2 per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11 1/2-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.5168 per cent.

APPOINTMENTS

Matthew Hall Group posts

With a view to co-ordinating the building engineering services activities of the MATTHEW HALL GROUP, Mr Alan R. Brown, managing director and chief executive of Matthew Hall Mechanical Services is, in addition, to become managing director and chief executive of Holliday Hall and Co succeeding Mr Michael J. Holliday. Mr Holliday is to become a non-executive director of Holliday Hall and Co and take on additional group administrative responsibilities covering personnel policy, safety and security, purchasing, publicity, computerisation, property and locations.

★

BRYANT HOMES has appointed Mr Terry Flower as sales director. He was previously sales manager.

★

New member of INFORMATION TRANSFER's team of directors offering a professional communication service to industry from its Cambridge-based offices, is Mr Nicholas Clayton.

★

Mr Arthur Hancock, joint managing director of WADKIN, has retired.

★

Mr George B. Heaney, a director of IBH UK and TEREX, and president of Golforce Europe, has been elected president of GLASGOW CHAMBER OF COMMERCE in succession to Mr J. H. Forbes Macpherson.

★

Mr Erwin Bielinski, head of Brown Boveri International, has been appointed chairman of BROWN BOVERI KENT (HOLDINGS), Luton. He is a member of the managing committee of BBC Brown Boveri, the Swiss power and electrical engineering group which has a majority interest in Brown Boveri Kent (Holdings). He succeeds Mr John L. Lutyens, who continues as a member of the board.

★

Mr E. Wynn Owen has been re-elected chairman of the LIFE OFFICES' ASSOCIATION. He is chief general manager of the Legal and General Assurance Society and a director of Legal and General Group. Mr M. H. Field, a director and general manager and actuary of Phoenix Assurance was re-elected deputy chairman.

★

Mr D. J. Bagley has been appointed marketing director, and Mr E. P. Duffy project director of HAWKER SIDDELEY POWER ENGINEERING. Mr I. C. S. Gumley has been appointed finance director of PETTERS. Mr V. J. Maundrell has been appointed to the board of CROMPTON PARKINSON INSTRUMENTS. All are Hawker Siddeley Group companies.

★

Mr Kristian Siem, in addition to his duties as deputy chairman of the group, has been appointed joint managing director and chief executive of COMMON BROTHERS.

★

BARCLAYS BANK has appointed Mr Gordon Alexander and Mr Philip Plumridge corporate finance directors of the newly-formed large corporate division.

★

Mr John Anthony de Havilland has been appointed a director of UK PROVIDENT. He is a director of J. Henry Schroder Wagg and Co., with special responsibilities for investment and trading portfolios, as well as overseas investment with particular reference to fixed interest.

★

Mr Alwyn Robinson, managing director of the Daily Mail, and Mr Derek Webster, chairman and editorial director of the Scottish Daily Record and Sunday Mail, have been elected joint vice-chairmen of the PRESS COUNCIL. Mr Robinson is nominated by the Newspaper Publishers Association and Mr Webster by the Scottish Daily Newspaper Society. They succeed Sir Edward Pickering, former chairman of Mirror Group Newspapers and now a director of Times Newspapers Holdings, who had been vice-chairman for five years and did not seek re-election. He remains a nominee of the Periodical Publishers Association on the council.

★

Mr Ron Dawson has been appointed liaison and security director of ADT SECURITY SYSTEMS, Birmingham. Mr Dawson has been senior consultant with Commercial Union Risk Management for six years—and Commercial Union have arranged with ADT that his consultancy services will still be available to the insurance group.

★

Mr Philip G. Ratcliff has been appointed managing director of UTP PACKAGING COMPANY, Saffron Walden, a subsidiary of Bunzl. He succeeds Mr Sidney A. Bailey, who continues as chairman of UTP Packaging. Mr Ratcliff was previously a director of Charles Letts Scotland.

★

Mr John Makin has joined DEWE ROGERSON as editorial director of a new house journals unit.

★

Mr J. R. Lovesey has been appointed a director of GRAY DAWES BANK from February 1. Mr S. N. Rabin has been appointed an assistant director from the same date.

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NOTES

Early Dow upsurge of 13.3

A SHARP rally across a broad front was seen on Wall Street in heavy early dealings yesterday.

Analysts attributed strength to several factors, including a technically oversold condition, movement of some institutional cash into the market, a higher Bond market and expectations of a decline in U.S. weekly money supply.

The Dow Jones Industrial Average surged ahead 13.31 to 855.97 and the NYSE All Common Index $1.17 to $67.95, while nearly 1,100 issues pointed higher and only about 250 declined. Turnover swelled to 46.25m shares from the previous day's 1 pm level of 36.55m.

Some analysts look for basic money supply, M-1, to fall between $2bn and $3bn in the latest statement week, adding that this could reduce fears of tighter credit conditions.

Time gained ⅝ to $34⅞ after reporting improved quarterly earnings. Xerox put on ⅛ to $41⅞ despite slightly lower fourth-quarter profits.

Heavily-traded Eastern Airlines and American Air scored fractional gains at $5½ and $9⅞ respectively. Warner Communications, on the most active list, rose 2½ to $59¼.

Superior Oil rose a point to $36⅛, while Texas Instruments added 1½ at $80¼. Heublein, which denied a press report that it was engaged in takeover discussions, advanced 2⅞ to $37⅞.

Borg-Warner rose $1 to $25⅞, General Dynamics 1¼ to $24⅞, and Metromedia 4⅞ to $169.

THE AMERICAN SE Market Value Index jumped 8.29 to 287.96 at 1 pm. Volume 4.03m shares.

Canada

Stocks also staged a strong rebound in Canada yesterday morning in fairly active trading.

The Toronto Composite Index recouped 38.2 at 1,755.6, Oil and Gas 137.4 at 3,106.7, Golds 83.5 at 2,468.0 and Metals and Minerals 56.6 at 1,650.1. The interest rate-sensitive Real Estate and Construction stocks, which have been hard hit in recent sessions, were up 61 points at 5,347.4 on index.

Tokyo

With sentiment overshadowed by Japan's trade conflicts with the West and the yen's fall against the U.S. dollar, many export-orientated issues and other Blue Chips relinquished a portion of their recent sharp rise. However, relatively low-priced domestic industry issues, outside the current trade conflict, were selectively bought, while the Second Market rose sharply in active trading.

The Nikkei-Dow Jones Average shed 22.70 to 7,903.85, while the Tokyo SE First Market index was 2.13 down at 581.16 after a fair volume of 350m shares (440m). The Second Market index contrasted with an advance of 6.28 to 883.13.

Many dealers also tended to hold off in the First Market due to caution over the fast tempo of price rises, coupled with uncertain prospects for U.S. interest rates after the overnight upturn.

Light Electricals, Motors, Precision Instruments, Steels, Heavy Electric Machines, Shipbuilders and Pharmaceuticals were prominent declining sectors.

Nippon Steel retreated Y4 to Y177, Mitsubishi Heavy Y5 to Y254, Kawasaki Heavy Y4 to Y234, Toyota Motor Y20 to Y1,120, Canon Y25 to Y975, Victor Japan Y70 to Y2,820 and Takeda Chemical Y20 to Y1,030.

Kyoto Ceramic, however, displayed renewed firmness, after a recent upsurge on its new ceramic engine, and gained Y70 to Y3,830.

Germany

Bourse prices displayed an easier bias in quiet dealings, with investors seeming to concentrate mainly on position squaring operations.

The limited positive effects of West Germany's strong trade performance in December evaporated, and the U.S. dollar's sharp recovery against the D-mark discouraged foreign investors. The Commerzbank index slipped 1.9 to 686.2.

Public Authority Bonds were mixed to higher, with the Bundesbank selling DM 21.9m of stock.

Australia

Some energetic buying of selected Resources issues gave Australian markets one of their best days of the year yesterday. The buying was a mixture of speculation and bargain hunting.

Brokers said the upturn in prices for Gold Bullion, especially in New York overnight, boosted the Metals sector generally.

Some dealers were expecting a devaluation of the Australian dollar over the approaching long weekend, which will be extended by the Australia Day holiday on Monday. A devaluation would be a booster for companies whose products are priced in U.S. dollars. The bargain hunters were of the opinion that some big Miners had been over-discounted.

However, apart from the Banks and selected Engineers, Industrials were in some disarray in the face of an announced 4.2 per cent rise in the cost of living in the December-quarter, a figure which could trigger off another round of wage claims.

This inflation news came in the afternoon and also caused some Mining rises to be trimmed. The All Ordinaries index showed a net recovery of 2.2 at 543.2, while the Metals and Minerals index, after a morning rise of seven points, ended 3.8 higher on balance at 386.1.

Western Mining gained 4 cents to A$3.84, MIM 5 cents to A$2.88 and CRA 5 cents to A$2.67.

Some Oils, especially the Jackson group, were keenly sought. Claremont put on 11 cents to A$1.56, Santos 16 cents to A$6.00, Ampol Exploration 5 cents to A$2.95 and Crusader Oil 8 cents to A$5.70.

Switzerland

Shares were generally weaker in moderate turnover, with sentiment depressed by the rise of the U.S. dollar and gloom about Swiss industry prospects. The Swiss Bank Corporation Industrials index lost 3.6 more to 251.1.

Hong Kong

Business volume was very thin yesterday, the first trading day since the long Chinese Lunar New Year holiday. Shares opened on a firm note but soon softened to end modestly easier on the day. The Hang Seng index lost 6.93 at 1,398.30, while turnover totalled only HK$104.95 on the four exchanges against last Friday's HK$154.93m.

Traders hesitated to take positions as they were unclear about which direction the market will move, and the market was generally featureless.

However, HK Telephone scored a rise of 50 cents at HK$30.75, while other firm exceptions were World International, up 7 cents at HK$2.62, and HK Land, 5 cents harder at HK$9.30.

Singapore

Opening for trading for the first time this week following the Lunar New Year holiday, the market saw little activity yesterday and prices generally drifted easier. The Singapore Straits Times Industrial index slipped 4.07 to 773.75.

Keppel Shipyard declined 5 cents to S$5.55, Straits Trading 30 cents to S$9.80 and Overseas Chinese Bank 20 cents to S$11.60.

Closing Prices for North America were not available for this edition.

Indices

MONTREAL	Jan. 27	Jan. 26	Jan. 25	Jan. 22	1981-82 High	1981-82 Low
Industrials	293.87	293.42	290.26	297.59	409.58 (27/6)	293.42 (26/1/82)
Combined	280.73	280.09	282.53	285.20	375.28 (18/6)	280.05 (26/1/82)
TORONTO Composite	1717.4	1704.5	1721.3	1740.8	2390.56 (10/7)	1704.5 (26/1/82)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Ralston Purina	1,651,700	11⅝	−¼	Superior Oil	554,600	35⅞	+3⅞
2runswick	931,400	27¼	+⅞	IBM	550,800	62⅞	+⅞
Std. Oil Indiana	631,600	44½	−⅛	Texas Internatnl.	530,800	25½	+⅛
C. O. Searle	603,100	30¼	+1	Mobil	511,400	23½	+⅛
Schlitz Brewing	586,900	12½	+1⅝	Kaiser Aluminum	491,100	14⅛	−⅜

World wheat crop estimate up

By Our Commodities Staff

THE INTERNATIONAL Wheat Council has raised its estimate of the 1981 world wheat crop to 457m tonnes from the 454m it estimated last November. This would exceed last year's output by 12m tonnes and 1978's record production by 6m.

In its latest market report, published yesterday, the IWC said the 1981 figure was due to higher-than expected out-turns in Australia and the U.S. The estimates for those countries have been raised by 1.3m tonnes and 1.2m tonnes respectively.

But the Council notes that the Russian crop, recently projected by the U.S. Department of Agriculture at around 175m tonnes could, according to some reports, fall below 170m.

Tin values ease

TIN PRICES eased on the London Metal Exchange yesterday, from Wednesday's record level, following offering of short-term supplies relieving the threatened shortage. Cash tin closed £117.5 lower at £8,655 a tonne, but the three months quotation was only £2.5 down at £8,027.5 a tonne.

The new supplies of tin offered were claimed to be coming from consumer "lending" (selling cash and simultaneously buying the same amount for forward delivery) stocks not required for immediate use. This enables them to take advantage of the premium cash price while at the same time maintaining an adequate flow of supplies.

However the fact that the selling came mainly from one big influential dealer suggests that the group, who have been supporting the market since last July, are keen to demonstrate that there is no "corner" and supplies are available in order to avoid the London Metal Exchange committee taking action.

Another meeting of LME board and committee officials was held yesterday to examine the situation, following investigations into positions held by ring-dealing members; but it was decided no action was required for the time being at least. However constant monitoring of the market is likely to continue.

Cocoa talks stalled

BY JOHN EDWARDS, COMMODITIES EDITOR

TALKS aimed at securing more funds for the buffer stock of the International Cocoa Agreement were held up yesterday pending a decision by West Germany on whether to change its negotiating position. So far West Germany has stuck to the EEC mandate of agreeing to only a 1 per cent rise in the levy imposed on cocoa exports to finance the buffer stock in spite of other consumer countries being prepared to back a plan by producing countries for the levy to be raised by 2 cents to 3 cents a pound.

The Bonn Government has been consulted as to whether it is prepared to sanction a larger rise in the levy and its attitude is expected to be crucial in influencing the views of other consumer countries. The size of the levy increase is directly linked to the loan offered by the Brazilian banking consortium to the buffer stock. If the levy is raised to 2 cents the consortium is prepared to lend a maximum of $75m, but if a 3 cents levy is agreed the maximum loan offered will be increased to $120m.

Even when they levy increase has been decided there are still some doubts about whether the other conditions attached to the loan are acceptable to consumer countries in particular.

One suggestion is that more favourable terms could be negotiated if a decision was delayed until the March meeting.

Australia beef export cartel urged

BY PATRICIA NEWBY IN CANBERRA

CATTLE PRODUCERS here called for Australia to become a single price negotiator on world markets to eliminate price cutting among Australian producers.

The cattlemen also called for an international association of beef producing nations with similar aims to the Organisation of Petroleum Producing Countries (OPEC).

Speaking at the Bureau of Agricultural's Outlook Conference in Canberra, Mr John Carter, a beef producer and executive member of the cattlemen's Union, called for a marketing thrust by the Australian Meat and Livestock Corporation and the Department of Trade into Asia, away from traditional efforts in Europe.

Mr Carter also called for the corporation to co-ordinate the current fragmented bids from Australian beef exporters selling on world markets. A special meeting on the subject initiated by the Cattle Council of Australia will be held on February 10.

Australia has already moved to reduce price cutting and competition among domestic exporters who are desperate for overseas contracts to keep their ailing abbatoirs operating. Earlier this week the AMLC telexed all beef producers suggesting that in future they form bidding consortia rather than risk uncontrolled price competition.

However Mr Geoff Jones, AMLC chairman, said the diversity of products produced by the meat industry made marketing by a statutory authority of limited value.

He said single price negotiations would leave Australia vulnerable to a move by consumers to cheaper sources of supply.

Mr Jones doubted if it were possible to form an OPEC-like group of beef producing countries even if this was legal under the General Agreement on Tariffs and Trade. He said South American producers were so desperate for foreign currency that they would undersell other countries regardless of agreements. Freedom from foot and mouth disease was the only thing saving Australia from very serious competition from South America.

Tough prospects for farm output

BY PATRICIA NEWBY IN CANBERRA

THE OUTLOOK for three of Australia's main agricultural exports, wool, wheat and sugar, were variously described yesterday as "bleak" "gloomy" and "disastrous."

Speakers at the 1982 Agricultural Outlook Conference hosted by the Bureau of Agricultural Economics in Canberra, blamed the delay in world economic recovery, high interest rates, rising costs, competitive world markets and Australia's rising exchange rate for the expected poor performance from the rural sector this year.

Mr Max Moore-Wilson, general manager of the Australian Wheat Board, said during 1982 Australia would market the second largest crop on record. He predicted continuing downward pressure on prices because of the high level of wheat production throughout the world.

Turning to wool, the BAE and the Australian Wool Corporation agreed that prices were likely to remain stable this year with a possible improvement towards the end of the year if the world economy picked up. However, in the long term, prices were likely to fluctuate around a downward trend.

Mr Henry Haszler who heads the BAE's wool marketing outlook section said that by the end of the decade real prices (after taking account of inflation) to woolgrowers should be about 7 per cent below today's price.

Mr Haszler based his predictions on subdued economic growth in wool-consuming countries, renewed upward pressure later this decade on the Australian dollar making wool less attractive and increased competition from high quality synthetic fibres.

Exchange rate appreciation caused the price of wool to buyers to skyrocket while returns to growers remained stagnant.

Depressed prices for sugar were forecast by the BAE and the Queensland Sugar Board mainly because of continuing high level production, especially under subsidy by the world's biggest sugar exporter the EEC, and sluggish world consumption.

Price support policies in the U.S., the world's second largest sugar importer, were also cited as likely to cause a switch to consumption of artificial and corn-based sweeteners.

U.S. may curb cotton plantings

By Nancy Dunne in Washington

MR JOHN BLOCK, U.S. Secretary of Agriculture is expected to announce acreage reduction programmes for grains and cotton today.

While wheat farmers have known for several months that they would have a 15 per cent acreage reduction programme, the details of a feed grain programme are a closely guarded secret. The acreage reduction will apply to winter wheat already planted. By March, farmer's must decide whether to plough under their crops or, if prices seem on their way to recovery, they can choose to harvest their winter wheat.

To encourage participation in the programme, the USDA will stipulate that farmers must participate in order to receive price support loans, reserve loans and other government assistance.

"We feel any programme on feed grants will be a negative one," said one staff member of a House Agriculture Subcommittee. "The way the drift is, feed grain farmers cannot expect to get payment for land taken out of production."

He said with no payment, maize farmers, who "are less programme orientated than wheat farmers," are likely to have only 20-30 per cent participation in the set-aside.

Although acreage reduction was imposed on grains in 1978 and 1979, cotton plantings have not been reduced by the government since 1972. Large crops, falling prices, rising costs and poor foreign demand have brought hard times to the cotton growers. Since January 1 last year prices on the spot market have fallen from 80 cents to 58 cents a pound.

In anticipation of Mr Block's announcement, stagnating cotton prices have been moving forward on the cotton futures exchange in New York.

Also nudging prices higher is a big shift in cotton from the market to storage where growers are placing their yields in order to get government loans. Co-operatives began moving cotton into storage last month when the government lowered the interest rates on loans from 14¾ cents to 13¼. From December to January the number of bales in storage rose from 1.5m to 3.4m.

EEC FARM PRICE PACKAGE

Commission fails to grasp the dairy nettle

BY LARRY KLINGER IN BRUSSELS

EVEN the seemingly unsurprisable were admitting to some incredulity that the European Commission found it possible to propose an average rise of 9 per cent for guaranteed farm prices without tackling in detail the EEC's notorious problem of dairy surpluses.

Seasoned Eurocrats who have witnessed years of Commission indecision found themselves shaking their heads when the decision was formally announced in Brussels yesterday.

The result was a "traditional" farm price package which, on past form, is likely to produce even higher price rises than those already proposed, with only vague references to future curbs on the most serious area of surplus production.

The newest proposals are also just as much in danger as their predecessors of being picked apart by the Community's agriculture ministers in their annual round of bargaining ahead of the April 1 deadline for the start of the coming marketing year.

The upshot is that, contrary to the earlier wishes of several member-states such as Britain and West Germany, the whole effort of trying to restructure the EEC budget away from agricultural spending has been caught up in the annual price fixing exercise.

Meanwhile, the Community's foreign ministers have yet to pronounce on the dairy question, which has become inextricably entangled with the dispute over Britain's future budget rebates, and a rearguard action will continue within the Commission to strengthen and detail the proposals in time for consideration by the agriculture ministers.

The Commission's package, as it stands, proposes an overall average 9 per cent price rise for most major products, the highest in six years, coupled with changes in the EEC's agricultural currency system that would effectively cut this by up to half in some countries and the promise to produce further proposals should future dairy production exceed certain levels.

The most immediate conflict will be the most "traditional" argument of all: how to balance the interests of farmers with those of the consumer.

While the Commission argues that its proposals match the needs of the inflation-hit industry to maintain real incomes and will produce only "modest" price rises in the shops, farmers' organisations have already attacked the proposals as insultingly below the 16.3 per cent rise they say they need to recoup their losses in real income over the past two years.

On the other hand, consumer organisations have been quick to point out that past experience has shown that "modest" price increases almost inevitably rise steeply on the agriculture ministers' escalator.

The Commission says that if its proposals are adopted unchanged they would add about 3 per cent to shop prices and only 0.5 per cent overall to the cost of living.

In defence of its proposals, the Commission points out that the budgetary position of the Community has recently considerably improved and estimates that the overall budgetary costs for the full marketing year are well with its financial limits and is consistent with the EEC aim of keeping the growth of agriculture spending below that in the Community's financial resources.

The Commission estimates that its proposals will cost the budget an extra £252m to £266m in calender-1982 and a total of about £392m for the April-to-April marketing year.

However, the budgetary effect is based on the uncertain premise that world community prices will not fall in the first half of this year and will even rise in the second half. Mr Dalsager was hard pressed to say what would happen if the Commission gets its estimates wrong, but suggested that the budgetary cost would rise by a further £224m should world prices remain "static" for the full marketing year.

In the contentious dairy sector, which produces roughly 20 per cent more than the Community can consume but accounts for about 30 per cent of agriculture support spending, the Commission is proposing a 9 per cent price increase while estimating that both production would rise by 1.5 per cent and consumption by about 0.5 per cent.

Commodity analysts say, however, that the rise in output could be as high as 3 per cent if allowed to continue unfettered. Last year, bad weather helped limit the rise to less than ½ per cent. "But," said one analyst, "all we need is a warm, wet summer and milk will be flowing down the street to the Commission's front door."

The Commission is urging the member-states to place a 0.5 per cent growth limit on output over which any excess would be penalised. However, the Commission drew back from proposing the form this penalty should take, or at what strength it should be imposed.

The one area where the Commission did take a firm stand is in cereals, the other troublesome area of surplus production. It is proposing considerably lower price rises in line with the member-states agreement that Community cereal prices should move towards the lower prices of the EEC's main competitors.

Price rises of 6.58 per cent are being proposed for most cereals, coupled with measures designed to limit costly support and export arrangements with a price rise of only 5.3 per cent for minimum quality wheat and by raising the quality standards of barley qualifying for full Community price support.

Production targets are also proposed in an attempt to limit surplus output, with each 1m tons produced over a target of 119.5m this year resulting in a cut in guaranteed prices in the coming year by 1 per cent.

Critics point out, however, that similar proposals have been made before, only to be rejected by the farm ministers, and for that reason alone think that the least the Commission could have done for the dairy sector was to have a go.

THE COMMISSION'S proposals were described as "totally inadequate" by Britain's National Farmers' Union yesterday. They would do little more, it said, than hold farm incomes at the depressed levels of the last two years.

The Consumers in the European Community Group meanwhile described them as "shortsighted," and accused the commission of a lack of political courage.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL prices moved ahead on the London Metal Exchange with the sole exception of Tin, where offerings of cash metal from one influential seller limited the rise in forward metal, which closed unchanged at £8,040 after £8,100 at one stage. Copper closed at its peak of £891. Lead was finally £380 after a day of good two-way business. Zinc closed at £456; Aluminium at £619 and Nickel at £3,115.

COPPER	a.m. Official	+ or	p.m. Unofficial	+ or
HighGr'de	£		£	
Cash	864-.4		865.5-6	+5
3 months	889-90	+.75	891-.5	+4.25
Settlem't	864		—	
Cathodes				
Cash	860-1		861-.5	+9
3 months	886-7		887-8	+9
Settlem't	861		—	
U.S. Prod	—		*76.5-86	

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £888.00, 88.50, 88.00, 87.00, 87.50, 88.00, 89.00, 90.00. Cathodes, cash £860.00. Kerb: Higher grade, three months £889.00, 88.00, 87.50. Afternoon: Higher grade £863.00, 63.50. Three months £891.00, 92.00, 92.50, 93.00, 92.50, 91.50, 92.00, 91.50, 92.00, 91.00. Kerb: Higher grade three months £892, 91.50, 91.00, 90.00, 91.00, 90.50. Turnover: 23,450 tonnes.

TIN	a.m. Official	+ or	p.m. Unofficial	+ or
High Grade	£		£	
Cash	8650-700	-93	8650-60	-117
3 months	8060-90	-28	8020-30	-25
Settlem't	8700	-90	—	
Standard				
Cash	8650-700	-93	8650-60	-117
3 months	8030-40	+75	8025-30	-2.5
Settlem't	8700	-90	—	
Straits E.	$2536.50	+1.85	—	
New York	—			

Tin—Morning: Standard cash £8,650, 70, 8,700, 8,680, late-Feb £8,600. Three months £8,100, 8,050. High grade, three months £8,090, 80. Kerb: Standard cash £8,700, early-March £8,250. Three months £8,045, 40. High grade, three months £8,060. Afternoon: Standard cash £8,680, 75, 80, 60. Three months £8,040, 60, 50, 40, 30, 25, 30. Turnover: 1,760 tonnes.

LEAD	a.m. Official	+ or	p.m. Unofficial	+ or
	£		£	
Cash	372.5-3	+2.75	369.5-70.5	+4
3 months	382.5	+4.75	380-1	+10
Settlem't	372.5	+2.5	—	
U.S. Spot	—		*28-34	

Lead—Morning: Cash £371.00, 71.50, 72.00. Three months £379.00, 80.00, 81.00, 82.00, 83.00, 81.00, 82.00, 82.50, 82.00, 82.50. Kerb: Three months £381.00, 80.00. Afternoon: Three months £381.00, 80.50, 81.00, 81.50, 82.00, 82.50, 82.00, 81.50, 81.00. Kerb: Three months £381.00, 80.00, 79.00, 81.00, 80.00. Turnover: 21,075 tonnes.

ZINC	a.m. Official	+ or	p.m. Unofficial	+ or
	£		£	
Cash	450-1	+4.5	450.5-1	+4.5
3 months	457.5	+5.25	455.5-6	+3.5
S'ment	451	+4.5	—	
Primw'ts	—		*42-50	

Zinc—Morning: Cash £452.00, 51.00. Three months £458.00, 59.00, 60.00, 61.00, 60.00, 59.00. Kerb: Three months £458.00, 57.00. Afternoon: Cash £450.50. Three months £458.00, 57.00, 56. Three months £457.50. Kerb: Three months £456.00, 57.00, 56.50, 56.00. Turnover: 15,325 tonnes.

Aluminm	a.m. Official	+ or	p.m. Unofficial	+ or
	£		£	
Spot	597-.5	+3.25	596-.6	+1
3 months	617.5-8.5	+3	519-20	

Aluminium—Morning: Cash £599.00. Three months £618.00, 19.00, 20.00, 21.00, 20.00, 18.50, 18.00. Kerb: Three months £617.00, 16.00. Afternoon: Three months £616.00, 18.00, 19.00. Kerb: Three months £620.0, 019.00. Turnover: 7,575 tonnes.

NICKEL	a.m. Official	+ or	p.m. Unofficial	+ or
Spot	3060-70	-18	3060-701	-1
3 months	3110-2	-18	3110-5	+5

Nickel—Morning: Three months £3,115. Afternoon: Three months £3,115. Kerb: Three months £3,115. Turnover: 240 tonnes.

* Cents per pound. † MS per kilo. ‡ On previous unofficial close.

SILVER

Silver was fixed 0.3p an ounce higher for spot delivery in the London bullion market yesterday at 425.8p. U.S. cent equivalents of the fixing levels were: spot 801.8c, down 2.2c; three-month 830.3c, down 1.6c; six-month 860.3c, down 2.1c; and 12-month 917.8c, down 2.0c. The metal opened at 431-435p (805-810c) and closed at 435-439p (816-820c).

SILVER per troy oz.	Bullion fixing price	+ or	L.M.E. p.m. Unoffic'l	+ or
Spot	425.90p	+0.3	434p	+3.75
3 months	442.40p	+0.85	444.75p	+4
6 months	458.15p	+0.45	—	
12months	487.15p	+0.45	—	

LME—Turnover 135 (136) lots of 10,000 ozs. Morning: Three months 44.5, 45.5, 45.0, 45.7, 45.9, 45.0. Kerbs: three months 44.6. Afternoon: three months 449.0, 49.5, 49.0. Kerb: three months 449.0.

COCOA

Futures continued to trade within a narrow range. At the ICCO talks producers and consumers remained at odds over the size of the increase in levy, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or	Business Done
March	1206-07	-1.0	1207-185
May	1187-88	-3.0	1190-81
July	1196-97	-3.0	1199-94
Sept	1208-09		1210-05
Dec	1222-25	+1.5	1221-15
March	1235-38	+5.5	1235-32
May	1243-45	+7.5	—

Sales: 1,904 (1,640) lots of 10 tonnes.

ICCO—Daily price for Jan 28: 97.64 (98.01). Indicator price for Jan 29: 97.94 (98.49). U.S. cents per pound.

COFFEE

A lack of follow-through buying prompted a £10 retracement from the recent highs, reports Drexel Burnham Lambert. Switching operations and dealer profit-taking took place in a narrow range.

COFFEE	Yesterday's Close	+ or	Business Done
	£ per tonne		
Jan.	1165-69	-7.0	1177-65
March	1183-84	-6.5	1190-78
May	1127-30	-4.0	1152-43
July	1133-35	-4.5	1137-25
Sept	1124-25	-8.0	1126-18
Nov.	1113-14	-12.0	1115-10
January	1101-11	-6.5	—

Sales: 3,069 (5,203) lots of 5 tonnes. ICO Indicator prices for January 27: (U.S. cents per pound): Comp. daily 1979 128.91 (123.55); 15-day average 123.77 (123.76).

GAS OIL FUTURES

Prices fell sharply on the opening but bounced back and traded narrowly around the top of the range reflecting physical market movement. [illegible] pushed prices lower on the close, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
January	283.00	-5.50	—
February	281.00	-5.75	288.50-79.50
March	279.00	-6.50	282.58-75.50
April	275.50	-7.50	[illegible]
May	275.75	-7.25	[illegible]
June	274.00	-7.50	[illegible]
July	277.00	[illegible]	[illegible]
August	280.00	[illegible]	[illegible]
Sept	285.00	[illegible]	[illegible]

Turnover: 3,315 (3,461) lots of 100 tonnes.

GRAINS

Old crop wheat opened slightly lower, the new unchanged. Lack of interest led to a general fall in prices. After restriction figures were announced old crops became firmer with commercial and shipper buying, while new crops remained easier, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or	BARLEY Yest'rd'ys close	+ or
Mar	111.70	+0.05	108.65	+0.10
May	115.60	-0.15	111.80	+0.10
July	118.85	+0.15	—	
Sept	106.90	-0.20	105.40	-0.05
Nov	110.60	-0.15	106.80	-0.05

Business done—Wheat: March 111.85-111.55, May 115.65-115.40, July 118.85-118.70, Sept 107.10 only, Nov 110.70-110.60. Sales: 168 lots of 100 tonnes. Barley: March 108.70-108.50, May 111.85-111.60, Sept 105.60-105.40, Nov 106.90 only. Sales: 105 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Feb 121, Mar 122 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Feb 10/Mar [illegible] quoted transhipment East Coast sellers. English Feed fob Feb 114.25 paid East Coast. Maize: French Feb 134.50 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: W. Midlands 110.00. Feed barley: S. East 105.30, S. West 107.00, N. West 107.50. The UK Monetary Coefficient for the week beginning Monday, February 1 (based on HGCA calculations using days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged, attracted some covering interest throughout the day and closed quietly steady. Lewis and Peat recorded a February fob price for No 1 RSS in Kuala Lumpur of 207.5 (same) cents a kg and SMR 20 182.5 (182.0).

No. 1 R.S.S.	Yest'rys close	Previous close	Business Done
Feb	51.50-52.00	51.25-51.60	51.20-51.50
Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sep	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]

Sales: 357 (210) lots of 15 tonnes, 6 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 51.00p (50.50p); March 51.50p (51.00p); April 52.00p (51.50p).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business), New Zealand cents per kg. Jan 390, 380; March 387, 388, 370; May 375, 380, nil; Aug 390, 380, 392-391; Oct 395, 397, 395, 398-393; Dec 400, 405, nil; Jan 400, 405, nil; March 400, 406, 402; April 402, 406, 412, nil; May 413, 420, nil. Sales: 60.

SYDNEY GREASY WOOL—Close (in order buyer seller business). Australian cents per kg. Mar 505.0, 506.5, 507.0-505.5; May 518.0, 518.5, 519.5-514.5; July 523.0, 524.0, 523.5-522.0; Oct 521.0, 521.5, 521.5-520.0; Dec 524.0, 525.0, 525.0-522.5; Mar 528.0, 529.0, 529.0; May 533.5, 535.0, 535.0-533.0; July 538.0, 539.0, untraded. Sales: 143.

SOYABEAN MEAL

The market opened £1 higher in thin conditions, reports T. G. Roddick. Prices remained steady but stronger sterling tempered gains.

	Yesterdys close	+ or	Business Done
	£ per tonne		
February	150.00-50.5	-0.85	—
April	153.80-54.0	+0.30	[illegible]
June	153.40-54.5	+0.70	[illegible]
August	153.50-54.0	+0.50	[illegible]
October	154.20-55.5	+0.40	—
December	[illegible]	[illegible]	—
Feb	[illegible]	[illegible]	—

Sales: 47 (67) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £170.00 (same) a tonne cif Jan-Feb-March shipment. White sugar daily price £181.00 (£182.00).

The market opened about unchanged but as persistent long liquidation developed in the spot March prices eased, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
March	176.80-76.85	180.55-80.60	[illegible]
May	179.10-79.20	181.85-81.75	[illegible]
Aug	182.25-82.30	184.40-84.55	[illegible]
Oct	183.80-83.75	185.40-85.75	[illegible]
Jan	185.75-86.00	[illegible]	—
March	192.25-92.25	193.50-94.25	[illegible]
May	195.50-96.25	[illegible]	—

Sales: 5,909 (4,486) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £287.00 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Jan 27: Daily price 13.65 (13.55); 15-day average 12.92 (12.84).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 281 tonnes. Fair general demand continued, with renewed interest in various supplies. Many of the qualities in request came in North and South American growths, while Middle Eastern styles were not neglected.

POTATOES

LONDON POTATO FUTURES—The market was again active and found continued support on April at £130-131, reports Coley and Harper. Closing prices Feb 104.00, +3.00 (high 104.00, low 102.00); April 131.80, +3.30 (high 132.40, low 130.00); Nov 70.00, -0.50 (high 70.70, low 70.00). Turnover 586 (4,061) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 83.2 to 90.5; Ulster hindquarters 97.0 to 100.5, forequarters 70.0 to 73.2. Veal: Dutch hinds and ends 123.0 to 130.0. Lamb: English small 92.0 to 99.0, medium 82.0 to 86.0, heavy 80.0 to 84.0; Scotch heavy 80.0 to 84.0. Imported: New Zealand PL 71.0 to 72.0, PX 71.0 to 71.0, YLs 70.0 to 72.0. Pork: English, under 100 lb 42.0 to 58.0, 100-120 lb 45.0 to 55.0, 120-160 lb 43.0 to 54.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 101.83p per kg lw (-0.17). GB—Sheep 204.81p per kg est dcw (+9.17). GB—Pigs 77.42p per kg lw (-3.87).

COVENT GARDEN—Prices for the bulk produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spanish: Navels/Navelinas 4.20-5.00. Cyprus: Navels 3.00-3.60; Shamouti 60/144 4.90-5.60; Moroccan: Navels 56/113 3.60-4.20; Seville oranges 7.50. Clementines—Spain: 4.50-5.50; Moroccan: 1/5 2.80-5.00. Satsumas—Spanish: 3.60-4.00. Wilkins—Jaffa: 80/120 3.20-5.50. Lemons—Cyprus: 3.20-3.50; Greek: 5.00-6.00; Turkish: 4.20-4.60; Spania: 40/50 3.40-3.50; Italian: 80/120 5.50; Jaffa: 45/50 2.50. Grapefruit—U.S.: Pink 32/48 5.50-7.00; Cyprus: Large cartons 3.00-4.20, small cartons 2.50-3.20; Jaffa: 36/88 3.50-4.80. Ugli Fruit—Jamaican: 14/48 5.00-10.00. Apples—French: New crop, Golden Delicious 20-lb 3.00-4.00, 40-lb 6.00-7.80, Stark Crimson 40-lb 6.50-7.50, 20-lb 3.40-3.80, Granny Smith 8.50-9.60; Canadian: Red Delicious 9.00-10.00; U.S.: Red Delicious 10.00-14.00; Hungarian: Starking 6.50-7.00. Pears—Dutch: Comice 10-lb, per pound 0.20-0.28; Italian: Per pound Passacrassane 0.15-0.17. Peaches—S. African: 3.00-4.00; Brazilian: 7.00-8.00; Chilean: 8.00. Nectarines—Chilean: 6.00-7.00. Plums—S. African: Santa Rosa, per pound 0.30-0.50; Chilean: Santa Rosa 8.50; Brazilian: Eldorado per pound 0.70. S. African: Wicksons 0.40-0.50. Apricots—S. African: 11-lb, per pound 0.30-0.40. Grapes—Spanish: Almeria 11-lb 2.40-3.60, Negra 3.80-4.80; Brazilian: 10-lb Italia 9.00-10.00; S. African: Thompson 9-lb 8.00-8.50; Chilean: Seedless, per box 10.00-11.00; U.S.: Red Emperor 0.50-0.60. Strawberries—U.S.: 1.00-1.20; Spanish: 8-oz 0.60; Israeli: 0.50. Litchees—S. African: 0.70. Melons—Spanish: Green 10-kg 6.00-8.00, 10-kg 4.00; Brazilian: Yellow 8.00. English Produce: Potatoes—Per 55-lb White 2.20-2.40, Red 2.60-3.00, King Edwards 2.80-4.20. Mushrooms—Per pound, open 0.30-0.40, closed 0.50-0.60. Apples—Per pound Bramley 0.18-0.28, Cox's 0.20-0.31, Spartan's 0.20-0.25. Pears—Per pound Conference 0.14-0.20, Comice 0.18-0.24. Cabbage—Per 30-lb bag, Celtic/January King 1.50-2.00. Lettuce—Per 12, round 1.00-1.60. Onions—Per 55-lb 4.00-4.40. Carrots—Per 28/28-lb 1.00-2.00. Beetroots—Per 28-lb 1.00-1.20. Swedes—Per 28-lb [illegible]. Sprouts—Per 20-lb 1.80-3.00. Spring Greens—[illegible] 1.50. Parsnips—Per 28/28-lb 2.00-3.00. Turnips—Per 28-lb 1.30-2.50.

GRIMSBY FISH—Supply moderate, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.10, codlings £2.60-£3.10. Large haddock £3.70-£4.20, medium £3.00-£3.40, small £2.30-£2.80. Large plaice £3.50, medium [illegible]. [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 28 1982	+ or	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1110/1140		[illegible]
Copper			
Cash h grade	£863.75	+6.5	£906.75
3 mths	£891.75	+5	£930.75
Cash Cathode	£869	+8	[illegible]
3 mths	£885	+9	[illegible]
Gold troy oz	$383.75	+8.25	[illegible]
Lead Cash	£370	+3.25	[illegible]
3 mths	£380.5	+4	£377.75
Nickel	£3757.76		[illegible]
Free mkt	360-385c		[illegible]
Platin'm troy oz	£260		£260
Free mkt	£194.65		[illegible]
Quicksilver	$350/360		[illegible]
Silver troy oz	434.00p	+3.75	[illegible]
3 mths	443.40p	+0.85	[illegible]
Tin Cash	£8665	-117.5	[illegible]
3 mths	£8027.5	-2.5	[illegible]
Tungsten	$125.60		[illegible]
Wolfram 22.04lbs	[illegible]		[illegible]
Zinc Cash	£450.75	+4.5	[illegible]
3 mths	£456.75	+2.5	[illegible]
Producers	$875/950		[illegible]
Oils			
Coconut (Phil)	$550y		[illegible]
Groundnut	‡		
Linseed Crude	‡		
Palm Malayan	$580x	+10	[illegible]
Seeds			
Copra Philip	$550y		[illegible]
Soyabean (U.S.)	$270.50z		[illegible]
Grains			
Barley Fut.Mar	£111.80		[illegible]
Maize	£134.50		[illegible]
Wheat Fut.May	£115.60	-0.15	[illegible]
No2 HardWint	£117.50w		[illegible]
Other commodities			
Cocoa ship't*	£1257		[illegible]
Futures May	£1187.5	-3	[illegible]
Coffee Ft Mar	£1183.5	-6.5	[illegible]
Cotton A.Index	70.45c		[illegible]
Gas Oil Feb.	$281		[illegible]
Rubber (kilo)	51p		[illegible]
Sugar (Raw)	£176x		[illegible]
Wool'tps 64s kl	390p kilo		[illegible]

‡ Unquoted. w Feb-March. x March. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, January 28. Copper—Feb 72.20 (71.25), March 73.10-73.20 (72.85), April 74.15, May 75.10-75.20, July 76.75-76.80, Sept 78.75, Dec 81.40, Jan 82.30, March 84.15, May 86.05, July 87.65, Sept 89.40, Dec 92.00.

*Gold—Feb 384.8-385.6 (384.2), March 388.5 (387.6), April 392.0-392.9, June 400.5-402.0, Aug 410.4, Oct 419.9, Dec 429.8, Feb 439.8, April 450.1, June 460.4, Aug 470.8, Oct 481.3, Dec 491.3.

*Platinum—April 368.1-369.0 (369.6), July 376.0-378.0 (378.8), Oct 386.0-387.0, Jan 397.5-399.0.

Potatoes (round whites)—Feb 81.5-83.0 (83.0), March 81.6-83.0 (81.2), April 86.5-86.7, Nov 73.5-79.6. Sales: 404.

*Silver—Feb 820.3 (815.0), March 828.0-830.5 (824.0), April 838.2, May 849.0-850.0, July 870.0, Sept 888.7, Dec 920.0, Jan 929.2, March 949.7, May 970.2, July 990.7, Sept 1011.2, Dec 1042.2. Handy and Harman bullion spot: 817.00 (803.50).

Sugar—No. 11: March 13.67-13.69 (13.99), May 13.83-13.84 (14.10), July 13.99-14.01, Sept 14.16-14.18, Oct 14.23-14.35, Jan 14.34, March 14.95-14.98, May 15.15-15.20. Sales: 8,660.

Tin—720.00-745.00 (720.00-760.00).

CHICAGO, January 28. Lard—Chicago loose 22.25 (22.00).

Live Cattle—Feb 61.75-61.80 (61.00), April 60.60-60.75 (60.35), June 60.15-60.20, Aug 59.20-58.95, Oct 57.30-57.20, Dec 58.35.

Live Hogs—Feb 49.75-49.65 (48.90), April 49.30-48.30 (46.80), June 51.15, July 51.60-52.00, Aug 50.65-50.75, Oct 45.15, Dec 46.87, Feb 48.55.

‡‡Maize—March 272½-272¼ (275), May 283¾-283½ (285¾), July 291-291¼, Sept 294-294½, Dec 297¼, March 310¼.

Pork Bellies—Feb 69.80 (67.80), March 70.20 (68.20), May 71.55, July 72.50, Aug 71.10-71.25.

‡‡Soybeans—March 650¼-651¼ (650¾), May 667-666 (671¾), July 682¼, Aug 687, Sept 683-683¾, Nov 686-689, Jan 712½-713, March 726.

‡‡Soybean Meal—March 191.3-191.2 (192.8), May 194.0-194.2 (193.4), July 198.0, Aug 199.0, Sept 200.0, Oct 202.0-203.0, Dec 205.0, Jan 205.5-206.0.

Soybean Oil—March 20.06-20.08 (20.29), May 20.74 (20.95), July 21.34-21.35, Aug 21.60-21.65, Sept 21.75-21.80, Oct 22.00-21.90, Dec 22.40-22.45, Jan 22.55-22.50, March 22.90-23.00.

‡Wheat—March 374¾-375 (379¾), May 389¾-389¼ (392¾), July 397-397¼, Sept 409¾-410, Dec 429-429¾, March 444½.

WINNIPEG, January 28. §Barley—March 129.80 (130.30), May 131.50-131.60 (131.80), July 132.10, Oct 133.60, Dec 135.30.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 244.59 (243.64).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. † Cents per troy ounce. ‡‡ Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Cdn. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

††Cocoa—March 2029 (2046), May 2089 (2080), July 2082, Sept 2098, Dec 2119, March 2144.

Coffee—"C" Contract: March 144.75-145.00 (143.06), May 134.00-134.75 (132.60), July 130.25-130.50, Sept 127.70-128.00, Dec 126.00, March 124.00, May 120.00-122.00. Sales: 4,775.

Cotton—No. 2: March 65.55-65.60 (65.14), May 67.55-67.65 (67.20), July 69.20-69.35, Oct 71.45-71.50, Dec 72.50-72.65, March 74.00-74.15, May 75.00-75.20, July 75.00-75.65. Sales: 5,500.

Orange Juice—March 145.60-145.65 (144.25), May 148.60-148.70 (147.40), July 151.70, Sept 154.50-154.10, Nov 155.15-155.40, Jan 156.30-156.40, March 157.45-157.60, May 158.60-158.80. Sales: 1,200.

CHICAGO, January 27. Chicago Imm Gold—March 387.4-387.6 (379.7), June 401.0 (393.5), Sept 414.3, Dec 430.5, March 444.5, May [illegible], Sept 476.3.

EUROPEAN MARKETS

ROTTERDAM, January 28. Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: Jan 202. U.S. No. 2 Red Winter: Feb 169, March 171. U.S. No. 3 Amber Durum: Feb 214, April/May 193, May 194, June 193, July 195. U.S. No. 2 Northern Spring, 14 per cent: Feb 20/March 10 209.50, March 208.50, April/May 198. Canadian Western Red Spring: April/May 215.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn, Yellow: Afloat 132, Jan 130, Feb 128, March 129, April/June 130, July/Sept 133, Oct/Dec 135 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Feb [illegible], March 264.50, April 267.75, May 270, June 272.90, July 274, Aug 275.50, Sept 276.25, Oct 276, Nov 276, Dec [illegible].

PARIS, January 28. Cocoa—(FFr per 100 kilos): March 1323/1326, May 1301/1305, July 1330, Sept 1325/1340, Dec 1351, March 1380/1370, May 1365/1375.

Sugar—(FFr per tonne): Mar [illegible], May [illegible], July [illegible], Aug 2065/2100, Oct 2090/2100, Dec [illegible], Mar [illegible] 2165. Sales at call: 75.

INDICES

FINANCIAL TIMES

Jan. 27	Jan. 26	Month ago	Year ago
252.26	250.97	248.82	252.57

(Base: July 1, 1952=100)

MOODY'S

Jan. 27	Jan. 26	Month ago	Year ago
1002.3	1001.8	989.0	1166.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 27	Jan. 26	Month ago	Year ago
Spot	127.64	127.11	—	—
Fut's	134.49	133.32	—	—

(Base: December 31, 1974=100)

REUTERS

Jan. 28	Jan. 27	Month ago	Year ago
1635.5	1629.7	1614.2	1674.6

(Base: September 18, 1931=100)

Investment funds continue to flow into Gilt-edged
Equity leads hesitant initially but go ahead late

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8

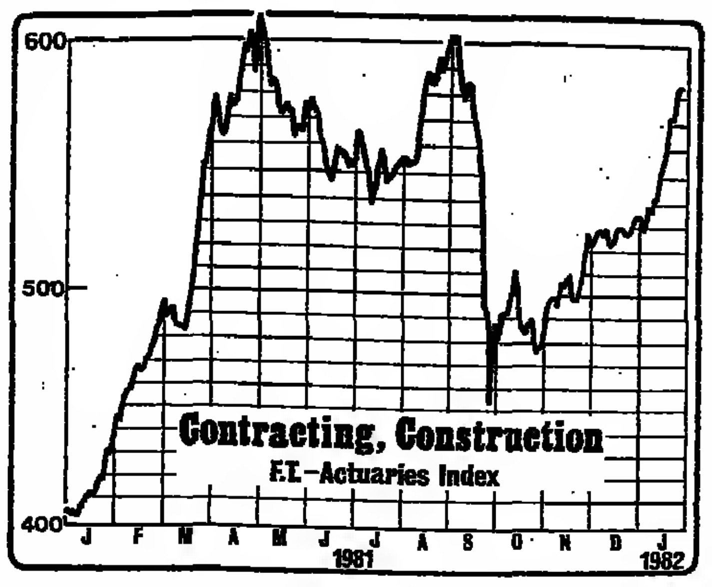
* "New time" dealings may take place from 8.30 am two business days earlier.

Government securities remained dominant in London stock markets, leaving the equity sectors overshadowed but picking up well in the late trade. The recent easing in European interest rates and further signs of some recovery in the UK economy continued to stimulate considerable investment demand. Domestic and overseas sources again committed funds and all Gilt-edged maturities recovered from initial easiness to close on a strong note.

Yesterday's rise was motivated by the Bank of England's announcement of the allotment price, £90, for the £750m issue of Treasury 2½ per cent index-linked stock 2011. This was thought to be a very satisfactory price from the Government brokers point of view. Reports that U.S. bonds were moving sharply higher at the opening yesterday gave Gilts added momentum and, with sterling maintaining its firmer tone, the movement continued after-hours.

Stock shortages became more pronounced, although the authorities relieved the situation among the shorts and rises at this end of the market rarely exceeded ¼, after early falls of that amount. Medium issues fared best with gains extending to ⅞, while the longs achieved improvements ranging to ⅞. The FT Government Securities Index rose 0.40 further to 64.65; 10 days ago, this measure was standing at 62.24.

Leading shares were reluctant to follow Gilts for most of the session. Business was slow with buyers reserved, but yesterday's early upsurge on Wall Street excited revived interest late. Blue chip equities went sharply higher in the after-hours' trade and transformed a fall of 2.6 in the FT Industrial Ordinary Share Index at 3 pm into a closing rise of 4.9 to 573.8, less than 24 points off the highest since compilation. The broader-based FT-Actuaries Industrial Group Index, at 315.13, came within a whisker of its all-time peak.



FNFC pleases

First National Finance Corporation emerged as a firm feature in a lively banking sector, rising 2½ to 34½p in response to the more-than-doubled annual profits; the 9½ per cent Loan 1992/97 advanced 4 points to £99¼ and the 9½ per cent Loan 1982 rose 12 points to £153 on the Board's various proposals to stockholders. Down 12 the previous day, Midland continued easier to 338p on nervous offerings fuelled by talk of an imminent rights issue before rallying on the bank's denial to finish only 3 cheaper on balance at 345p. Other major clearing banks rallied late. Barclays ended a few pence better at 458p and Lloyds 6 dearer at 458p. The collapse of Ireland's coalition Government prompted sympathetic reactions in Allied Irish 85p, and Bank of Ireland, 230p, down 4 and 10 respectively. Reflecting revived bid hopes, Grindlays gained 6 to 208p, while Wintrust put on 5 more to 142p on further consideration of the record interim profits. Charterhouse found support and put on 3 to 81p.

Breweries turned easier following reports from the Bass annual meeting of the chairman's bearish view of the industry; support was evident at the lower levels, but most still finished with modest falls. Bass touched 207p before ending 3 lower on balance at 210p.

Buildings retained a firm appearance, but turnover was substantially reduced. Among the leaders, RMC were noteworthy for a gain of 7 at 314p, while Blue Circle closed 6 dearer at 542p. Elsewhere, Cement Roadstone shed 3 to a 1981/82 low of 64p following the defeat of the Irish Government, while Wiggins Group gave up 7 to 86p on disappointment with the interim results and the accompanying statement on the link with Newarthill. P. C. Henderson put on 5 for a two-day gain of 10 to 147p helped by contract news, while Robert M. Douglas hardened a couple of pence to 84p; the latter's interim figures are due on February 11. Timbers were quietly firm, John Carr and International adding 3 apiece to 70p and 88p respectively.

Jewellers bought

ICI eased to 334p before the appearance of buyers left the close a net 6 up at 342p. Fisons, a rising market recently on speculative interest, put on 7 more to 185p.

Leading Stores opened easier, but useful support developed during the afternoon session and most finished a shade firmer for choice. House of Fraser added a couple of pence to 154p, while Woolworths, still buoyed by yield considerations, firmed 2 more to 57p. Marks and Spencer recovered from an earlier 141p to close unchanged at 144p, but W. H. Smith came on offer and shed 3 to 174p. Among secondary counters, jewellers, a depressed sector of late, made good progress on recovery hopes. Ernest Jones, 88p, and Ratners, 48p, added 6 and 5 respectively, while H. Samuel rose 4 to 118p and Asprey ¾ to £10½. Renewed speculative attention was directed towards James Beattie A, 7 up at 138p, and Cornell Dresses, 11 higher at 155p, but R. and J. Pullman eased 3 to 50p following a more detailed appraisal of the interim figures.

Continuing to draw strength from the excellent annual figures, Eurotherm rose 8 for a two-day jump of 75 to 310p. Elsewhere in Electricals, GEC led the rallying movement and recovered from an earlier 830p to finish a net 7 better at 842p. Renewed demand in a restricted market helped Lec Refrigeration to put on 8 to 213p, while Amstrad appreciated a similar amount to 200p.

Leading Engineers held around overnight closing levels until the late dealings when quotations trended a little firmer. Hawker ended 4 to the good at 330p, while GKN, 183p, and Tubes, 146p, hardened a couple of pence apiece. Among the bright spots in secondary issues, Wellman Engineering responded to the recovery in half-year profits with a rise of 6 to 56p. Satisfactory preliminary results and the proposed 1-for-10 scrip issue left Hill and Smith 5 to the good at 54p, while Bullough, still encouraged by the maintained interim dividend, improved 8 further to 168p. Babcock International were supported at 97p, up 6, along with Ransomes Sims, 5 better at 155p. F. Pratt, in contrast, weakened to 69p and closed 7 down at 70p following the year's loss and reduced dividend.

ACC sold

In Foods, Huntley and Palmer, a volatile market in the wake of Rowntree Mackintosh's bid for the company, closed 4 up at 112p awaiting developments; Rowntree held at 156p, valuing the bid at 103p per H and P share. Fitch Lovell dipped to 73p on disappointment with the interim results, but rallied to close 2p dearer on balance at 77p as bid rumours revived. A squeeze on bear positions lifted Linfood 6 to 190p, while Paterson Jenks firmed 3 more to 61p. In contrast, Argyll shed 4 to 106p on profit-taking.

Awaiting the judgment on Heron Corporation's legal action taken to block Robert Holmes à Court's agreed £36m bid for the company, Associated Communications Corporation A were nervously sold and closed 9 down at 69p; the announcement that Heron's application for an injunction had been refused came too late to affect sentiment. Elsewhere in miscellaneous industrials, the leaders moved higher in the late trade in sympathy with Wall Street. Down 12 the previous day on a Press "sell" recommendation, Glaxo eased further to 476p before rallying to close a net 4 harder at 482p. Ahead of Tuesday's third-quarter figures, Reed International improved 8 afresh to 280p. Elsewhere, English China Clays continued firmly on dawn raid rumours and rose 7 more to 167p, while Thomas French added 5 to 130p following the annual report. Still reflecting the recent good results produced by the parent Rank Organisation, A. Kershaw put on 13 more to 300p, while improvements of 6 and 7 respectively were seen in Sidlaw Industries, 264p, and Allied Computer, 152p. News of company workers agreeing to take pay cuts to save jobs still left Christie Tyler a couple of pence off at 39p. BTR lost 10 at 354p and the recently firm AGB Research dipped 7 to 270p, while J. Crean weakened 5 to 102p reflecting the Irish political situation.

Among Motor Distributors, Henlys eased 2 to 100p, the sharply increased full-year deficit being partly offset by the maintained annual dividend. DRG, a rising market of late, became unsettled by reports, later confirmed, that the company's South African subsidiary is experiencing trading difficulties, and the close was 6 lower at 72p, after 68p. Elsewhere in Paper/Printing, John Waddington continued to attract support in a narrow market and rose 6 to 118p. Jefferson Smurfit, marked lower at the outset following events in Ireland, recovered to finish a net 2 up at 72p.

Oils trade quietly

Leading Properties closed on a firm note, Land Securities settling 2 dearer on balance at 310p, after 305p, and MEPC 3 up at 226p. Hammerson A attracted support and put on 15 to 640p. Elsewhere, Warner Estate held at 225p following the increased profits and dividend and the property revaluation.

Oils traded quietly easier for most of the day, but were inclined better in the late dealings in sympathy with the early good showing on Wall Street. BP settled without alteration at 304p and Shell closed 2 cheaper at 378p, after 376p. Among the more speculative issues, Sun (UK) Royalty, down 10 at 220p, turned reactionary after recent firmness. Palliser Resources eased 7 to 180p, while NCC came back 5 to 107p and Cluff closed similarly cheaper at 135p.

First-half profits from Inchape exceeded market expectations and the shares, down to 312p ahead of the announcement, rallied sharply to close 3 dearer on balance at 323p.

Late demand left British and Commonwealth 10 higher at 373p in Shippings, while a revival of speculative interest prompted a gain of 8 to 133p in Reardon Smith with the A shares rising 7 to 125p.

Price movements among Tins dominated mining shares, with several substantial rises being recorded, albeit in thin trading. The sharp rise in the metal price combined with renewed takeover speculation to lift Hongkong Tin 30 to a new high of 480p.

Pengkalen also reached a peak of 360p after a gain of 10. Kinta Kellas advanced 60 to 700p, and Killinghall 30 to 640p, while Gopeng closed 15 firmer at 590p.

Golds were quiet and mixed, receiving little guidance from the bullion price, which closed at $383.75, up $2.25. The Gold Mines index lost 1.5 to 284.8.

Among the heavyweights, Winkelhaak at £13 and Vaal Reefs at £33½ both closed ¾ lower, while losses of ¼ were common to Hartebeest at £23¾ and Western Holdings at £22¼. Libanon and Welkom led the way downward among the lower-priced issues with falls of 11 to 801p and 521p respectively. By contrast, Doornfontein gained 29 to 841p and Bracken closed 5 to the good at 117p.

Platinums were much brighter than of late, with Rustenburg and Lydenburg both 5 better at 215p and 165p respectively.

Traded Options

London Financial recovered after hours in line with the rest of the equity market, with Charter finally up 4 to 257p and Rio Tinto-Zinc 2 firmer at 452p. Gold Fields edged down 3 to 473p.

Australians were steady, with the leading resource stocks better in line with American markets and the good performance in overnight domestic markets.

Renison benefited from the rise in the tin price to move up 5 to 230p, while CRA gained 2 to 160p and MIM Holdings held at 170p in spite of the recent poor results and the reduced dividend from Asarco of the U.S., in which MIM has a substantial stake.

Total contracts completed in Traded options amounted to 1,706—1,448 calls and 258 puts. P & O Deferred were active with 233 calls arranged, while British Petroleum and Grand Metropolitan attracted 237 and 230 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Jan. 29	Jan. 27	Jan. 26	Jan. 25	Jan. 22	Jan. 21	A year ago
Government Secs....	64.15	64.25	23.80	63.59	64.15	53.93	60.09
Fixed interest..........	64.66	64.44	64.12	64.07	64.23	64.06	70.69
Industrial Ord..........	573.8	568.9	568.9	557.7	567.0	55a.1	463.1
Gold Mines	284.8	286.3	275.1	272.3	278.0	266.2	021.4
Ord. Div. Yield..........	5.34	5.38	5.37	5.46	5.38	5.44	7.71
Earnings, Yld.% (full)	0.56	8.63	0.61	8.70	9.56	9.67	17.39
P/E Ratio (net) (*) ...	13.27	13.17	13.20	13.10	13.30	13.15	7.04
Total bargains..........	19,104	91,171	20,199	21,749	23,511	20,154	19,512
Equity turnover £m.	—	185.21	151.46	142.96	235.05	182.37	11a.20
Equity bargains.... ...	—	18,517	17,150	18,135	21,928	15,777	13,990

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 567.0. 11 am 567.4. Noon 567.0. 1 pm 568.5.
2 pm 566.1. 3 pm 568.3.
Latest Index 01-246 8026.
*Nil=11.91.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	70.61 (20/5/81)	60.17 (28/10/81)	127.4 (3/1/35)	49.12 (3/1/75)
Fixed Int.....	72.01 (20/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord......	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines..	429.0 (14/9/81)	262.6 (29/6/81)	558.8 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 27	Jan. 26
—Daily		
Gilt Edged Bargains...	105.3	207.2
Equities Bargains...	120.6	111.1
Value........	394.6	306.1
5-day Avrge.		
Gilt-Edged Bargains...	219.4	227.3
Equities Bargains...	120.0	115.6
Value........	366.7	344

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	79	—	13
Corpns, Dom. and Foreign Bonds	11	0	52
Industrials	283	246	830
Financial and Prop.	81	144	307
Oils	[illegible]	[illegible]	55
Plantations	6	3	16
Mines	37	50	81
Others	21	32	45
Totals	566	579	1,399

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Asset Spcial 10p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Baillie Gifford's	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Gussins Prop. 20p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Eldridge Pope	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Equipu 10p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	F&C Enter. Warrants	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Fledgeling Invs	[illegible]					
150	F.P.	[illegible]	[illegible]	[illegible]	Haytors £1	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Malaysian Tin 5p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Newmarket (1981)	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Owners Abroad 10p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Peak Hldgs.	[illegible]					
115	F.P.	[illegible]	[illegible]	[illegible]	Speyhawk 10p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Viners	[illegible]					
46	F.P.	[illegible]	[illegible]	[illegible]	York Mount	[illegible]					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Caltex Nat. Gas Auto. 16% Gtd. Ln. 2006	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Essex Water 10% Red. Prf. 1986	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Habitat 8½% Conv. Uns. Ln. '96-2001	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Haslemere Est. 9½% Conv. Uns. Ln. 2001	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Nat'wide Bdg. Society 15½% Bds.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Do. 15½% Bds.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Do. 16% Bds.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Penins. Comm. 13pc Conv. Uns. Ln. 1997	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	1 Dc. 15% pc. Uns. 1986	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Telfos 12% Cnv. 1991	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Viners 10% Cnv. Loan 1988	[illegible]	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Anchor Mach. 7½p	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Anglo Amer. S.A.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Carlton Real Ests. 10p	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Glass Glover	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Griqualand 5 cts	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Jerik 10p	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Lennons Grp. 10p	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Tailor 20p	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Wearwell 5p	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✳ Unlisted Securities Market. ‡‡ London Listing. ★ Effective issue price after scrip. † Formerly dealt in under Rule 163(2) (a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Allied-Lyons	76	+2	Huntley & Palmer	112	+4
Assoc Comms A	69	−9	Midland Bank	345	−3
DRG	72	−6	RHM	58	−1
FNFC	34½	+2½	Rustenberg	215	+5
Fitch Lovell	77	+2	Smurfit (J.)	72	+2
GUS A	500	—	Wellman Eng	56	+6

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Eurotherm Int	21	302	+67	Cons Gold ...	13	476	+10
RTZ	18	450	+13	NatWest Bk ...	13	420	+2
GEC	16	835	−1	Pegler-Hattersly	13	206	+2
Ferranti	15	670	−22	Shell Trans ...	13	380	−8
De Beers Defd	14	352	+7	Allied-Lyons ...	12	73	+2
ICL	14	45	+2	GUS A	12	500	—
BPB	13	352	+16	Marks & Spen	12	144	—

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 27, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	6.3924
Algeria	Dinar	4.1275
Andorra	Fr. Franc	5.8715
	Sp. Peseta	98.275
Angola	Kwanza	30.914
Antigua	E. Caribbean $	2.7025
Argentina	Peso (F) (4)	10025.00
Australia	Dollar	0.9057
Austria	Schilling	16.126
Azores	Port. Escudo	67.26
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3760
Balearic Is.	Sp. Peseta	08.275
Bangladesh	Taka	20.34
Barbados	Dollar	2.01
Belgium	Franc (C)	39.2e
	Franc (F)	43.79
Belize	Dollar	2.00
Benin	C.F.A. Franc	203.575
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	0.1633
Bolivia	Peso	24.75
Botswana	Pula	0.9255
Brazil	Cruzeiro	134.10
Brunei	Dollar	2.073
Bulgaria	Lev	0.922
Burma	Kyat	6.4516
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	293.575
Canada	Dollar	1.1953
Canary Is.	Sp. Peseta	98.270
Cape Verde Is.	Escudo	36.51
Cayman Is.	Dollar	0.832
Cen. Af. Rep.	C.F.A. Franc	203.575
Chad	C.F.A. Franc	293.575
Chile	Peso (O)	33.00
China	Renminbi Yuan	1.785
Colombia	Peso (D)	59.69
Comoros	C.F.A. Franc	203.575
Congo(B'ville), Rep.of	C.F.A. Franc	203.575
Costa Rica	Colon (O)	2.60
	Colon	20.03
Cuba	Peso	0.8012
Cyprus	Pound*	2.2427
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.5572
Djibouti Rp. of	Franc	172.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	24.75
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.2195
El Salvador	Colon	9.50
Eq'tl Guinea	Ekuele	195.55
Ethiopia	Birr (O)	2.0368
Faeroe Is.	Dan. Krone	7.5672
Falkland Is.	Pound*	1.873
Fiji	Dollar	0.2993
Finland	Markka	4.429
France	Franc	5.8715
Fr. C'ty in Af.	C.F.A. Franc	293.575
Fr. Guiana	Franc	5.8715
Fr. Pac. Is.	C.F.P. Franc	101.442
Gabon	C.F.A. Franc	293.975
Gambia	Dalasi	9.1356
Germany (E)	Ostmark (O)	0.3085
Germany (W)	Mark	2.3055
Ghana	Cedi	9.75
Gibraltar	Pound*	1.873
Greece	Drachma	59.32
Greenland	Dan. Krone	7.5672
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	6.9715
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	36.3501
Guinea Rep.	Syli	21.5155
Guyana	Dollar	0.0752
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	6.83
Hungary	Forint	35.00
Iceland	Krona	8.19
India	Rupee	8.1533
Indonesia	Rupiah	530.00
Iran	Rial (D)	70.00
Iraq	Dinar	0.2953
Irish Rep	Punt*	1.523
Israel	Shekel	16.29
Italy	Lira	1236.50
Ivory Coast	C.F.A. Franc	293.575
Jamaica	Dollar	1.7834
Japan	Yen	229.12
Jordan	Dinar	0.3383
Kampuchea	Riel	n.a.
Kenya	Shilling	10.4072
Kiribati	Aust. Dollar	0.9057
Korea (Nth)	Won	0.94
Korea (Sth)	Won	706.00
Kuwait	Dinar	0.2812
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.743
Lesotho	Loti	0.9792
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.8500
Luxembourg	Lux Franc	30.2e
Macao	Pataca	5.0603
Madagascar D. R.	Franc	293.576
Madeira	Port. Escudo	67.25
Malawi	Kwacha	0.9142
Malaysia	Ringgit	2.27
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	587.15
Malta	Pound*	2.5370
Martinique	Franc	5.9715
Mauritania	Ouguiya	48.84
Mauritius	Rupee	10.8940
Mexico	Peso	25.555
Miquelon	Fr. Franc	5.8715
Monaco	Fr. Franc	5.8715
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.5346
Mozambique	Metica	28.4981
Namibia	S.A. Rand	0.9728
Nauru Is.	Aust. Dollar	0.9057
Nepal	Rupee	13.20
Netherlands	Guilder	2.53
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2418
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	293.575
Nigeria	Naira (O)	0.6418
Norway	Krone	5.90
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6982
Paraguay	Guarani	126.00
Peru	Sol	624.54
Philippines	Peso	8.27
Pitcairn Is.	N.Z. Dollar	1.2412
Poland	Zloty (D)(5)	80.00
Portugal	Escudo	67.95
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6387
Reunion Ile de la	Fr. Franc	5.8715
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	8.7095
St. Helena	Pound*	1.873
St. Lucia	E. Caribbean $	2.7095
St. Pierre	Fr Franc	5.9715
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	0.8021
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1235.50
Sao Tome & Principe DR	Dobra	59.4396
Saudi Arabia	Riyal	3.4095
Senegal	C.F.A. Franc	293.575
Seychelles	Rupee	7.2514
Sierre Leone	Leone	1.1214
Singapore	Dollar	2.073
Solomon Is.	Dollar	0.888
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9728
Spain	Peseta	98.275
Span. Ports in N. Africa	Sp. Peseta	98.275
Sri Lanka	Rupee	20.55
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9728
Sweden	Krona	5.6585
Switzerland	Franc	1.8502
Syria	Pound	3.9262
Taiwan	Dollar (O)	37.91
Tanzania	Shilling	3.1687
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	293.575
Tonga Is.	Pa'anga	0.9057
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5220
Turkey	Lira	135.05
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.0057
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6728
Utd. Kingdom	Pound Sterling*	1.873
Upper Volta	C.F.A. Franc	203.575
Uruguay	Peso	11.693
U.S.S.R.	Rouble	0.7639
Vanuatu	Vatu	94.2999
	Aust. Dollar	0.9057
Vatican	Lira	1236.50
Venezuela	Bolivar	4.293
Vietnam	Dong (O)	2.19
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	43.2343
Zaire Rp.	Zaire	5.5339
Zambia	Kwacha	0.9927
Zimbabwe	Dollar	0.722

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 8/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina—Commercial and Financial rate combined 30/12/81. (5) Poland—Official rate 80 effective 1/1/82.
(6) Somali: Parallel exchange rates introduced 1st July—for essential imports. (7) Somali: Exports and Non Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (53)

BRITISH FUNDS (2)
Exch 10pc 1983 · Exch 15pc 1997
INTNL BANK (1)
LCC 5½pc 82-84
BANKS (1)
Wintrust
BUILDINGS (7)
Carr (John) · Laing (J.)
Costain Did · Mowlem
Howard Shuttering · Newarthill
Jarvis (J.)
CHEMICALS (5)
Allied Colloids · (Intl) Paint
British Tar
ENGINEERING (7)
Baker Perkins · Hopkinsons
Brown and Tawse · Hunt Moscrop Old
Cencanirc · Turriff
Denis Gowerton
FOODS (1)
Linfood
INDUSTRIALS (16)
Applied Computer · Pauls and Whites
Berisfords · Petrocon
Black Arrow · Riley (E. J.)
Black (P.) · Silentnight
Dunhill · Somic
Dyson (J. and J.) A · Toothill
English China Clays · Unilever NV
Kennedy Smela · WGI
INSURANCE (1)
Stenhouse
LEISURE (2)
Anglia TV A · HTV NV
NEWSPAPERS (1)
Collins (William) A
PAPER (2)
Assoc Paper · Capseals
SHIPPING (1)
British Cmwlth
SHOES (1)
Headlam Sims
TEXTILES (3)
Allied Textile · Munton Brothers
Leeds Dyers
TOBACCOS (1)
Imperial Group
TRUSTS (1)
Caledonia Invs
MINES (2)
Hong Kong Tin · Pengkalen

NEW LOWS (18)

AMERICANS (2)
Fluor Crpn · Simplicity Patt
CANADIANS (1)
Bank of Montreal
BANKS (2)
Allied Irish · Bk Ireland
BUILDINGS (1)
Cement-Roadstone
INDUSTRIALS (1)
Roche Plent
LEISURE (2)
Greenwich Cable · Nimslo Intnl
PAPER (1)
Clondalkin
OIL AND GAS (4)
Ceres Res · Creda Pet
Cluff Oil · S and K Pet
RUBBERS (1)
Barlow Hldgs
MINES (3)
Rand London · York Resources
Haome Gold

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 18	Jan 29	Apr 28	May 10
Feb 1	Feb 12	May 13	May 24
Feb 2	Mar 5	June 3	July 14

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Oil, Capper-Neill, Town and City Properties, Rank Organisation, Inter-City, Charterhall, KCA International, FNFC, Huntley and Palmer, ICI, Woodside, Aurora and Broken Hill Proprietary. No puts were reported. A double was arranged in Tubes.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur Jan 28 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 27 Index No.	Tues Jan 26 Index No.	Mon Jan 25 Index No.	Fri Jan 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	374.23	+0.2	9.22	4.24	13.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (25)	330.21	+0.7	13.68	5.24	8.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (198)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (79)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (112)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Thur Jan 28	Day's change %	Wed Jan 27	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	117.51	+0.28	117.18	—	[illegible]
2	5-15 years	122.44	+0.45	121.90	—	[illegible]
3	Over 15 years	126.18	+0.66	125.35	—	[illegible]
4	Irredeemables	134.13	+1.08	132.91	—	[illegible]
5	All stocks	120.70	+0.43	120.25	—	[illegible]
6	Debentures & Loans	91.84	+0.26	91.60	—	[illegible]
7	Preference	63.50	—	63.50	—	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS	Thur Jan 28	Wed Jan 27	Year ago (approx.)
	British Government			
1	Low 5 years	[illegible]	[illegible]	[illegible]
2	Coupons 15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4	Medium 5 years	[illegible]	[illegible]	[illegible]
5	Coupons 15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7	High 5 years	[illegible]	[illegible]	[illegible]
8	Coupons 15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14	Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.,
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	168.9	174.2	.....	8.87
L&C Intl & Gen Fd	128.1	132.1	.....	1.47

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	176.9	184.8	−0.9	4.47
Equity Acc.	235.6	246.9	−1.3	4.47
Gilt	116.8	122.9	−0.3	7.81

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	125.3	133.8	.....	4.43
Leo Accum.	148.3	157.4	.....	4.43

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	77.7	[illegible]	[illegible]	4.54
Do. (Accum.)	121.8	[illegible]	[illegible]	4.54
Energy Intl.	80.9	[illegible]	[illegible]	2.25
Do. (Accum.)	81.6	[illegible]	[illegible]	[illegible]
Extra Income	63.8	[illegible]	[illegible]	[illegible]
Do. (Accum.)	90.7	[illegible]	[illegible]	[illegible]
Income	107.2	[illegible]	[illegible]	[illegible]
Do. (Accum.)	156.8	[illegible]	[illegible]	[illegible]
Intl. Technology	77.8	[illegible]	[illegible]	[illegible]
Do. (Accum.)	79.2	[illegible]	[illegible]	[illegible]
N. American & Gen.	46.4	[illegible]	[illegible]	[illegible]
Do. (Accum.)	47.7	[illegible]	[illegible]	[illegible]
Pacific Basin	47.0	[illegible]	[illegible]	[illegible]
Do. (Accum.)	47.9	[illegible]	[illegible]	[illegible]
Small Cos. & Recy.	59.1	[illegible]	[illegible]	[illegible]
Do. (Accum.)	62.0	[illegible]	[illegible]	[illegible]
Worldwide Gwth.	87.2	[illegible]	[illegible]	[illegible]
Do. (Accum.)	117.3	[illegible]	[illegible]	[illegible]

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	281.5	296.3	.....	4.02

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Dec. 31	158.50		.....	6.77
Wider Fund Dec. 31	280.25		.....	5.05
Narrower Fd. Dec. 31	78.05		.....	14.57

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds

Capital	47.1	50.9xd	−0.1	2.77
I.T.U.	36.5	39.4	−0.1	3.78
Select International	362.8	390.1	−2.5	1.55
Univ. Growth	87.2	93.7	−0.8	0.73

Increasing Income Funds

High-Yield	59.4	63.8	−0.8	7.87
Select Income	62.6	67.3	−0.1	6.47

High Income Funds

Gilt & Fxd. Int. Inc.	46.8	49.3	.....	12.88
High Return	67.0	72.0xd	−0.5	8.34
Income	44.4	47.7	−0.3	9.84

U.K. Funds

Gilt & Fxd. Int. Grth.	51.2	52.8	.....	4.99
UK Equity	64.6	69.8	−0.5	3.98

Overseas Funds (z)

Europe	77.6	83.4	−0.4	2.05
Japan	130.5	140.3	−2.0	0.10
S.E. Asia	84.1	90.4	−0.9	0.66
U.S.	112.4	120.8	+1.0	0.80

Sector Funds

Commodity	125.9	135.2	.....	3.13
Energy	120.1	129.1	+0.4	1.53
Exploration Fund (z)	34.2	36.7	−0.1	0.25
Financial Secs.	103.7	111.5	−0.7	2.66
New Technology (z)	45.4	49.8xd	−0.4	0.25

Fixed-Interest Fund (z)

Intl. Bond Fd.	61.3	65.8	+0.2	2.25

Exempt Funds

Exempt Income*	197.7	208.7	.....	7.49
Exempt Intl.*	359.8	379.8	.....	0.89

*Prices at Jan 27. Next sub day Feb 10.

Scotbits Securities Ltd.

Scotbits	48.7	52.6xd	−0.3	3.75
Scotyield	55.9	60.1	−0.5	7.27
Scotshares	83.7	90.4	−0.4	4.34

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	171.5	184.4	[illegible]	2.73
(Accum. Units)	225.1	242.0	[illegible]	2.73
Income Fund	247.1	265.6	[illegible]	7.45
(Accum. Units)	451.9	485.9	[illegible]	7.45

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
107	99¼	Treasury 14pc '82‡‡	99	......	14.01	14.42
99⅞	98	Treas. Variable '82	99⅞	......	14.03	14.09
97	93	Treasury 8¾pc '82	97⅝	......	8.45	14.11
96⅞	93½	Exch. 9¼pc 1982	96⅝	......	9.57	14.56
95½	92	Exch. 8¼pc 1983	95⅝	+⅛	9.15	13.86
95⅛	84⅞	Exch. 3pc 1983	93¼xd	......	3.22	9.73
99⅞	95	Treasury 12pc 1983‡‡	97¼	+⅛	12.34	14.59
99⅝	96¼	Treas. Variable '83	99⅝	......	14.07	14.23
95¼	90⅛	Treasury 9½pc '83	95¼	+⅛	9.71	12.92
101	95¼	Exch. 13½pc '83	99¼	+¼	13.60	13.92
94½	89¼	Exch. 10pc 1983	94½	+⅛	10.58	13.38
89¼	83½	Funding 5½pc '82-84‡‡	89¼	......	6.16	11.79
96¼	90	Exch. 11¼pc 1984	95	+¼	11.83	14.09
103	95¼	Exchequer 14pc 1984	99	+¼	14.14	14.90
84½	77	Exch. 3pc 1984	84⅛	......	5.57	10.70
98⅜	90½	Treasury 12pc 1984	94	+¼	12.77	14.77
107¼	95⅞	Treasury 15pc 1985	99¾xd	+¼	15.04	15.14
98⅞	88¼	Exch. 12pc Cnv. '85	91¼	+¼	13.08	15.39
77¼	71	Treasury 3pc 1985	77	......	3.90	11.56
96	85¼	Treasury 11½pc 1985	90	+¼	12.78	15.34
98⅞	87⅞	Exch. 12¼pc 1985	91	+¼	13.46	15.28
97⅞	84¼	Exch. 11¾pc '86	89⅜xd	+¼	13.15	13.39
73	65¼	Treasury 3pc 1986	72½	......	4.14	11.65
97	84½	Treasury 12pc '86	89¼	+¼	13.45	15.45
86⅝	78½	Treasury 8½pc '84-86‡‡	82½	......	10.30	13.91
95⅞	91⅞	Exch. 14pc 1986	94¾	+¼	14.78	15.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price £	+ or —	Int.	Red.
100	92¾	Aust. 5½pc '81-82	100	......	5.60	15.44
87½	82½	Do. 6pc 1981-83	87	-¼	6.97	14.88
67¾	57	N.Z. 7¼pc 1988-92	58¾	......	12.45	15.42
83¼	74	Do. 7½pc '83-86	76	......	9.98	15.58
141	115	S. Rhod. 2½pc Non-Ass.	140	......	—	—
66	43	Do. 3½pc 80-85 Asstd.	66	......	5.41	16.28
43	26	Do. 4½pc 87-92 Asstd.	36xd	......	12.50	19.00
395	320	Zimbabwe Ann (£100pa)	349	-1	—	24.59

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

High	Low	Stock	Price	+ or —	Div. Gross	Cvr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16⅜	947p	Imperial Oil	972p	+25	$1.40	—	6.3
11⅛	689p	Inco	704p	+13	SUS20c	—	1.5
750p	450p	Int. Nat. Gas $1	710p	+5	$1.10	—	6.8
210p	85p	Massey Ferg.	96p	......	—	—	—
120p	35p	Place Gas $1	35p	......	—	—	—
18⅝	10¼	Rio Algom	16⅜	+¼	$1.50	—	4.0
13	10⅜	Royal Bk. Can. $1	10⅞xd	+⅛	$2.00	—	7.9
32⅛	23⅜	Seagram Co. C$1	27¼	+¼	US$1.80	—	3.4
14½	11¼	Tor. Dom. Bk. $1	12⅞	......	$1.80	—	6.2
11¼	750p	Trans Can. Pipe	10¼	......	$1.16	—	4.7

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

Copper

Miscellaneous

98	47	††Hemerdon 10c.	63	......	—	—	—
180	65	Highwood Res.	80	-10	—	—	—
505	205	Northgate C$1	210	+5	—	—	—
633	372	R.T.Z.	452	+2	16.0	2.3	5.1
£130½	£93½	Do.9½%Cnv.Ln.95-2000	£103	-½	Q9½%	—	19.9
103	13	††SPO Minerals 10p	18	......	—	—	—
47	15	Sabina Inds. C$1	16	......	—	—	—
44	21	Southwest C. 10p	28	......	—	—	—
650	410	Tara Exptn. $1	410	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

$$ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ** Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	41	-1			
Bertrams	17	+1	Conv. 9% '80/82	£94½	-⅛
Bdg'wtr. Est. 50p	425	......	Nat. 9¾% 84/89	£64¾	-1⅛
Craig & Rose £1	£324	-¼	Fin. 13% 97/02	£72¾	-2¼
Finlay Pkg. 5p	26	......	Alliance Gas	75	......
Graig Ship. £1	£23	......	Arnott	230	......
Higsons Brew	70	......	*Carroll (P.J.)*	77	......
Holt (Jos) 25p	545	......	Concrete Prods.	90	......
I.O.M. Stm. £1	150	......	Heiton (Hldgs.)	29	......
Pearce (C. H.)	980	......	Irish Ropes	37	......
Peel Hldgs.	116	......	Jacob	61	......
Sheff. Refrshmt.	85	......	T.M.G.	13	-1
Sindall (Wm.)	200	......	Unidare	60	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	13	Utd. Drapery	6½
Allied-Lyons	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lots"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	22	"Mams"	11	*Town & City*	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	7		
Courtaulds	5½	Nat. West. Bank	30	Brit. Petroleum	28
Debenhams	7	P & O Dfd.	9	Burmah Oil	11
Distillers	16	Plessey	26	Charterhall	6
Dunlop	6½	Racal Elect.	34	KCA	19
Eagle Star	25	R.H.M.	7	Premier	7
F.N.F.C.	4	*Rank Org. Ord.*	14	Shell	28
Gen. Accident	30	Reed Intnl.	23	Tricentrol	25
Gen. Electric	55	Sears	5	Ultramar	40
Glaxo	32	Tesco	5		
Grand Met.	15	Thorn EMI	30	**Mines**	
G.U.S. 'A'	36	Trust Houses	11	Charter Cons.	21
Guardian	30	Tube Invest.	12	Cons. Gold	40
G.K.N.	12	Turner & Newall	7½	Lonrho	7
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday January 29 1982

Ireland's coalition in disarray

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

IRELAND'S outgoing coalition parties were in disarray yesterday following their parliamentary defeat over Prime Minister Garret Fitzgerald's tough budget on Wednesday night.

The budget measures, which included sharp rises in VAT in an effort to bring down the Government's huge borrowing requirement, were threatening to split the old coalition partners. Dr FitzGerald's Fine Gael and the smaller Labour Party.

With a general election due on February 18, Labour delegates were involved in day-long discussions to decide their policy. The party chairman, Mr Michael D. Higgins, was believed to be among those arguing in favour of a Labour campaign based on different policies from those of Fine Gael.

But some Labour ministers were expected to stress that such an approach would lack credibility and would weaken the mutual support for each other's parties of Fine Gael and Labour voters.

Dr Fitzgerald, for his part, would seem to have little choice but to defend the economic measures proposed by his government. But there was some speculation that he might tone down some of the more unpopular measures in the rejected budget, such as VAT on children's clothes and cuts in consumer subsidies.

While the coalition parties were agonising, Mr Charles Haughey, the Opposition Fianna Fail leader, launched his campaign by urging his priorities as the fight against unemployment and inflation and a recovery of the national finances, in that order.

Mr Haughey still thought the Government was hypnotised by figures such as the Irish £1bn borrowing requirement to service the foreign debt this year. Such figures were "relative" and there was no such thing as a correct quantitative figure where borrowing would come down. One billion pounds was not of itself too high, he said.

Mr Haughey concedes that borrowing should not increase and should be phased out, but he is unwilling to say exactly how or when.

Mr Haughey was more specific on Northern Ireland and constitutional reform. He repeated his view that a political initiative confined to Northern Ireland would not work. His own preference was the establishment of a parliamentary tier to the Anglo-Irish council but without fresh Northern Ireland elections.

He was careful not to say that he would oppose Northern Ireland Secretary, Mr James Prior's initiative, publication of which is expected to be delayed until after the Republic's election. Mr Haughey said he would wait to see the details although he had made his views known to Mr Prior.

If elected, he would not repeal the articles of the Irish constitution which claimed jurisdiction over Northern Ireland and he would wait the outcome of his own party committee on divorce and marital law, before taking any decisions in that area.

Feature, Page 2

International Harvester halts plans for Spanish engine plant

By Robert Graham in Madrid

INTERNATIONAL Harvester, the hard-pressed U.S. truck and farm machinery builder, is to suspend indefinitely its proposed $200m (£107m) investment in a diesel engine plant in Spain.

The decision follows lengthy talks here this week between Mr Archie McCardell, chairman of IH, Enasa, the Spanish truck company, and INI, the state holding concern that controls Enasa.

IH and Enasa will review the agreement they reached in July 1980, under which the U.S. company was to build the engine plant on a 65 : 35 partnership basis with the Spanish group. The deal also provided for IH to assume eventual control of Enasa.

Postponement of the deal for a year was announced last month, shortly before IH reached agreement with some 200 banks in the U.S. to refinance group debts worth $4.15bn.

Enasa executives said yesterday that the atmosphere throughout the talks had been honest and warm, and that IH wanted to retain its involvement in Spain. Neither side apparently wants to call off the deal completely, but Enasa appears reluctantly to have accepted that IH's current financial position makes the original agreement impossible to implement.

The plan was to build a plant to produce some 80,000 units of the diesel engine type DT-466, the bulk of which would be exported. IH's shortage of funds has meant that the prototype of the engine has not been fully developed, even though land for the plant has been acquired near Madrid along with some machinery.

There is said to be no question of IH management withdrawing from the management of Enasa, which it undertook last autumn.

Enasa, which last year lost Pts 12bn (£65m), is expected to seek a licence from IH on truck models together with an agreement on international marketing.

The attraction of the 1980 deal for Enasa was that it was to become involved with an international partner in an effort to guarantee its future.

THE LEX COLUMN

Toyota trade-in at Inchcape

The Bank of England drew the line very firmly at £90 in fixing a floor price for the new index-linked stock yesterday. As a result a lot of the stock is left on the Government Broker's books, but the refusal to concede a real return significantly above 3 per cent allowed the rest of the gilt-edged market to close very firm. The Bank undertakes never to sell the stock in the market below £90, a promise which—since inflation is bound to push the price up in the end—is not quite as benevolent as it looks.

Inchcape

Inchcape's loss of its Toyota distributing business in Malaysia has proved less painful than anticipated. Profits from this source had anyway turned down sharply in 1981 and interest savings deriving from the total consideration of £50m mean that 1982's profits may be only £1m or so lower. Meanwhile, profits for the six months to September have proved rather resilient, falling 3½ per cent to £37.8m at the pre-tax level.

The downturn in Toyota trading has been the main factor in halving profits at Inchcape Berhad in local currency terms and the company has also suffered on this front in Hong Kong. But part of the decline has been offset by currency translation benefits of £5m. Elsewhere there have been gains in the UK of perhaps £2m, with Mann Egerton back in profit, and a strong performance in Australia. The South American acquisitions have chipped in £1m or so while the long decline in the Middle East seems to have been reversed.

So the pre-tax outcome may be little different from last year's £71.1m, with some improvement in earnings due to a lower minorities charge. The business is looking less dependent on Toyota, although still retaining a healthy involvement. Net debt is set to fall from about four-fifths to two-thirds of shareholders' funds, staving off rights issue worries. The shares, up 3p yesterday at 323p, yield 8.2 per cent and after the big decline last year are beginning to catch the eye of recovery stock specialists.

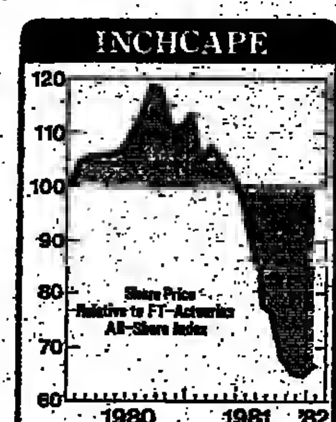
Siemens

After three years of declining earnings, Siemens may at last be close to a turning point in its fortunes. Profits have shown a modest improvement in the first quarter of the year to September 1982 and there are signs of a pick up in domestic demand.

Siemens has pared back its export margins in order to fill the capacity left idle by a weak German economy, and the 15 per cent growth in first quarter domestic sales suggests that Siemens may soon be able to bid for better margins abroad. It has made heavy provisions for contract losses and has written down its securities portfolio in the latest accounts. Both of these items are likely to loom less large in the current year. And the balance sheet is easily able to absorb a capital spending programme running at around DM 2bn a year.

Siemens' very conservative accounting policy means that a widening of margins would have a decisive impact on the bottom line. But the real recovery is unlikely to materialise until 1982-83, when the cost reduction programme will begin to bite and a rising order inflow should show through in profits.

Index rose 4.9 to 573.8



Burmah/Croda

Considering that its offer for Croda is all in cash, Burmah has devoted an unusual amount of space in its latest takeover document to defending itself against Croda's jibes. Its gearing does sound rather less alarming when gross debt is given as a proportion of debt plus equity, and on this basis if Burmah were to acquire Croda largely with its cash balances, gearing would indeed rise only slightly. Still, gross borrowings equivalent to 87 per cent of an equity figure backed by an overvaluation of tankers is not everyone's idea of financial strength, particularly since the share price is only 10 per cent above par value, which would make a rights issue very difficult if things went wrong.

Burmah's comparison of the two companies' records is tendentiously based on their performance since 1976, when Croda was thriving on the combination of weak sterling and a chemical upswing while Burmah was on its back. The logic behind the bid remains mysterious: Burmah says it wants to grow in speciality chemicals because of its experience with Castrol, "our uniquely successful lubricants multinational."

Croda's ordinary share price slipped a penny to 72p yesterday, which does not leave much safety margin over the 70p bid. But an institution would have to be appallingly jumpy even to think of selling in the market at this early stage.

FNFC

After six years of uphill struggle, First National Finance looks poised for a return to real viability. Consumer credit profits are still rising, despite last year's interest rate squeeze, and disposals have swung the property division from loss to profits of £7.7m in the year to October. Overall, the pre-tax surplus has more than doubled to £16.6m.

The deficit on shareholders' funds has been whittled down to £11m and could be eliminated altogether within a year. So FNFC is understandably anxious to avoid being wound up at the eleventh hour. This technical possibility arises because its convertible loan stock is due to expire this year but cannot be repaid until the direct life-boat loans, which still amount to £113m, have been run off.

FNFC is proposing to extend the life of the stock and has sweetened the terms in order to encourage stockholders' acceptance. The stock responded yesterday with a £12 jump to £153, of which about £50 represents accrued dividends now due for payment. FNFC could have chosen to extricate itself almost completely from the life-boat through the sale of the consumer credit business but, with more than £50m of tax losses still to be used up, it prefers to march on in its present form. It may not be long before the life-boat credit can at last be refinanced on normal commercial terms.

Moves to avert First National Finance winding-up

By William Hall, Banking Correspondent

FIRST NATIONAL Finance Corporation (FNFC), which ran into financial difficulties in the secondary banking crisis more than six years ago, is undergoing a second financial reorganisation to avoid being wound up.

Mr Stuart Dyer, who was brought from Lloyds Bank in 1977 as FNFC's managing director, said yesterday that the reorganisation had "been forced on us."

Under the terms of the 1975 reorganisation, the 9¼ per cent subordinated, convertible unsecured loan stock 1982 cannot be repaid until the outstanding loans to the bank support group, responsible for the rescue of the company then, have been repaid. The loan stock predates that reorganisation.

Second mortgage

These loans, which amounted to £350m at one stage, stand at £113m. FNFC says it is unlikely they will be repaid before the end of the year. As a result, the 1982 loan stockholders are entitled to wind up FNFC, which remains active in the second mortgage business.

Kleinwort Benson, FNFC's advisers, has stressed that a winding-up would not be in the best interests of the loan stockholders, other creditors, shareholders and staff.

Several proposals are to be put to the loan stockholders. All accrued interest on the 1982 stock (£1.7m) will be paid on March 31, 1982. The stock will be replaced by an equivalent nominal amount of stock in a "soundly-capitalised new subsidiary."

Profits up

The coupon will be increased from 9¼ per cent to 12½ per cent and final repayment extended to the end of 1987. The repayment date of the 1997 stock will be advanced from end 1997 to end 1992 and accrued interest (£5.3m) will be repaid.

FNFC pre-tax profits rose from £7.7m in 1979-80 to £16.6m for the year ending October 31, 1981. Profits on property sales and lending contributed £7.7m, compared with a loss of £800,000 the year before. The net deficit on shareholders' funds was reduced from £29.1m to £11.1m.

The price of the 1982 loan stock rose £12 to £153 after the reorganisation was announced. The other loan stock rose £3 to £98½ and FNFC shares ended 2½p higher at 34½p.

ICL wins £15m U.S. deal

BY JASON CRISP

ICL, BRITAIN'S largest computer manufacturer, has won a major order in the fiercely competitive U.S. market. The New York State Department of Social Services is buying 2,400 small computers from ICL at a cost of $28m (£15m).

The contract is the largest ICL has won in the U.S., where its order book is now more than double what it was a year ago. In its last financial year, to the end of September, sales to both North and South America totalled £15.1m.

The latest order was won in competition with two U.S. companies on the New York State Department's shortlist, Raytheon and Sperry Univac.

ICL, which had recently been in deep financial difficulties, has also won a £10m order from J. Sainsbury, the supermarket chain, and one worth £1.8m from the French banking group Credit Agricole.

In 1980-81, ICL made losses of £133m, including provisions of nearly £80m for redundancies.

The New York order is for ICL's DRS 20 series, which includes its smallest computer, the Model 10, which costs about £2,250. The system will be installed in the Department of Social Services offices throughout New York over two years, starting in six months.

The Sainsbury order is one of the UK's largest from a supermarket chain. The computers (System 25, which cost between £28,000 and £90,000 each) will be used for running point-of-sale terminals in the supermarkets. Up to 30 checkout terminals can be run on one computer.

Although ICL has recently launched two new point-of-sale terminals this year it has not sold them to Sainsbury. The supermarket group's large computers are also from ICL.

Paribas Suisse bond withdrawn

BY ALAN FRIEDMAN

THE Swiss Banking Commission, the country's banking watchdog, has ordered Paribas Suisse to withdraw a completed SwFr 40m (£11.5m) bond issue the bank had led for Volvo Finance, the Geneva-based financing arm of the Swedish car maker.

Paribas Suisse broke away from its French parent last October, and this led to the resignation of Mr Pierre Moussa, the chairman of Paribas in France. The Swiss concern said last night it regretted "very much" that it had to withdraw the Volvo Finance bond issue.

The reason put forward for the Swiss Banking Commission's decision was that Volvo Finance's legal status as a finance company did not allow it to offer bonds on the Swiss capital markets.

M Tom Emch, senior vice-president of Paribas Suisse, said last night that his company had been given authority in a letter last month from the Swiss National Bank to offer the bonds.

The Volvo Finance bonds were offered to investors between January 20 and 26 and the deal was oversubscribed, according to M Emch. On Monday, however, both Volvo Finance and Paribas Suisse—its lead-manager—were told by the Commission that the bonds would have to be withdrawn.

Representatives of the company and lead-manager travelled from Geneva to Berne on Tuesday to ask the Commission for an exemption from the law which prohibited the offer of Volvo Finance bonds. This request was turned down according to M Emch.

He said that "in hindsight this error might be explained by an ambiguity between the German text of the law and the French translation we worked from." Switzerland has four official languages, notably German and French.

M Emch said the news that Volvo Finance had to withdraw its bonds came as a surprise to "all parties concerned, including our lawyers."

Volvo Finance, besides being a subsidiary of the Swedish group, is also a minority shareholder in Pargesa, an investment company which has a major stake in Paribas Suisse.

Weather

UK TODAY

CLOUDY and mild with outbreaks of rain. Some bright intervals at first in the south east.

London, E. and S.E. England, East Anglia, E. Midlands
Bright intervals at first; cloudy with rain, becoming drier. Max. 9C (48F).

Central S. and N., N.E. England, W. Midlands, Borders, Edinburgh, Dundee and Aberdeen areas
Cloudy, outbreaks of rain, becoming drier with bright intervals. Max. 9C (48F).

Elsewhere
Cloudy, outbreaks of rain or drizzle mostly on coasts and hills; some coastal fog patches. Winds strong south-westerly, perhaps gale in places. Max. 11C (52F).

Outlook: Mild with rain, becoming colder in the north and east.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	11	52	L. Ang.†	C	12	54
Algiers	C	8	46	Luxmbg.	C	0	32
Amsdm.	C	4	39	Luxor		—	—
Athens	F	15	59	Madrid	S	8	46
Bahrain	C	26	79	Majorca	C	11	52
Barclna.	S	13	55	Malaga	F	15	59
Beirut	F	16	61	Malta	R	13	55
Belfast	C	7	45	M'chstr.	C	9	48
Belgrd.	C	1	34	Melbne.		—	—
Berlin	C	1	34	Mx. C.†		—	—
Biarritz	F	6	43	Miami†	F	13	55
Bmghm.	C	7	45	Milan	S	5	41
Blackpl.	F	8	46	Montrl.†	Sn	−15	5
Bordx.	F	6	43	Moscow	Sn	−5	23
Boulgn.	C	6	43	Munich	C	1	34
Bristol	C	8	46	Nairobi†	F	29	84
Brussels	C	3	37	Naples	C	10	50
Budpst.	F	1	34	Nassau		—	—
Cairo	S	19	66	Nwcstl.	C	9	48
Cardiff	C	8	46	N York†	C	−4	25
Cas'b'ca	F	17	63	Nice	F	11	52
Cape T.		—	—	Nicosia	F	16	61
Chicg.†		—	—	Oporto		—	—
Cologne	C	3	37	Oslo	Sn	−7	19
Cpnhgn.	Sn	0	32	Paris	C	4	39
Corfu	C	14	57	Perth	S	28	82
Denver†		—	—	Prague	F	0	32
Dublin	C	9	48	Reykjvk.	C	1	34
Dbrvnk.	F	12	54	Rhodes	R	12	54
Ednbgh.	C	8	46	Rio J'o†		—	—
Faro		—	—	Rome	C	15	59
Florence		—	—	Salzbrg.	Sl	0	32
Frankft.	C	1	34	S F'cisc†	C	8	46
Funchal		—	—	S. Moritz		—	—
Geneva	F	5	41	Singapr.		—	—
Gibraltar	0	10	61	S'tiago†		—	—
Glasgow	C	8	46	Stckhm.	C	−8	18
G'rnsey	C	8	46	Strasbg.	C	1	34
Helsinki	S	−10	14	Sydney		—	—
H. Kong	C	17	63	Tangier	S	15	59
Innsbrk.	F	3	37	Tel Aviv	R	17	63
Invrnss.	C	7	45	Tenerife	C	19	66
I.o Man	F	9	48	Tokyo	S	9	48
Istanbul	C	8	46	T'ronto†	C	0	32
Jersey	C	7	45	Tunis	F	13	55
Jo'burg		—	—	Valencia	S	13	55
L. Pims.	C	18	64	Venice	F	9	48
Lisbon		—	—	Vienna	C	0	32
Locarno	0	3	37	Warsaw	F	0	32
London	C	7	45	Zurich	C	2	36

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Continued from Page 1

Tebbit

requires five-yearly secret ballots to test support for existing closed shops and makes selective dismissal of strikers easier.

The CBI last night welcomed Mr Tebbit's decision on the level of compensation to workers unfairly dismissed because of the closed shop.

The CBI had warned the Government that the virtually unlimited compensation provided for by its consultative document could bankrupt smaller companies.

The provisions of the Bill—a large majority of which the CBI said were in line with its own suggestions—were applauded overall.

The Institute of Directors took a much tougher view. It said the Bill would "at last begin to create a climate of industrial relations in which privileges of trade unions are matched by a duty to act in the best interests of their members and the public."

The Bill would prove a significant step towards economic recovery, and away from the strike mentality of recent years. Mr Walter Goldsmith, IoD director-general, said that now, "irresponsible and economically disastrous union action does not have to be suffered in silence."

Soviet Continued from Page 1

urgent quest for hard currency.

Gold market dealers report that Soviet gold sales in the last quarter of 1981 were much higher than generally realised and may have raised total Soviet gold sales last year to over 300 tons compared to an estimated 90 tons in 1980 and 199 tons in 1979. Sales of Soviet diamonds, especially polished diamonds, are also reported to have climbed substantially in recent months.

In another indication of a mounting hard currency shortage the Soviet Union this week asked Japanese trading houses to defer payment on textile product imports worth $150m from Japan. Moscow has also asked West German bankers for DM 300m on top of the DM 2.55bn which a West German consortium has already agreed to lend in connection with the Western Europe-Siberia gas pipeline project.

The latest request to the West German banks met an unenthusiastic response. But bankers in London report that the Soviet Union has successfully made a series of Euro-currency borrowings on an unpublicised and non-syndicated "club" basis recently.

BNOC Continued from Page 1

crude oil under royalty arrangements and state participation agreements. Mr Lawson wants to keep the trading activities in state hands because of energy strategy.

Eventually Britoil would have to set up its own marketing operations to handle the company's crude oil production.

The trading division accounts for only 60 of BNOC's staff of 2,300. Even so, it plays an integral part in the corporation's affairs—handling about 800,000 barrels a day of oil—some 45 per cent of North Sea output.

The Government has not yet announced a chairman-designate for the proposed trading company but Lord Croham—the deputy chairman of BNOC—is emerging as the front-runner. He is a former Permanent Secretary of the Civil Service Department and has assumed operating responsibility for the corporation's trading activities.

De Lorean to reduce workforce by 1,100

BY JOHN GRIFFITHS

ELEVEN HUNDRED of the 2,600 workers at De Lorean's Belfast plant are to be made redundant, Mr Don Lander, the managing director, said last night.

About three-quarters of the employees leaving the factory last night were told not to report back for work until they received telegrams from the management, which was undertaking a review of production.

The Belfast move came immediately after noisy scenes in the Commons when Mr John De Lorean, the company's chairman, came under a spate of personal attacks from MPs. They followed the Government's announcement that it has appointed consultants to examine the company's affairs.

Unions had expected up to 1,000 jobs to go—because of De Lorean's pressing cash problems and the sudden, deep slump in its U.S. sales.

Mr De Lorean met Treasury officials in London yesterday then returned unexpectedly to New York. Union officials thought he would fly to Belfast to discuss the company's prospects with them.

Speaking of the job losses Mr De Lorean said: "It's a tragedy that it has to be that way but we have no alternative." Nevertheless, he insisted, "one way or the other we will survive."

Mr De Lorean and his directors have agreed to co-operate fully in the review of the company's performance and prospects ordered by the Government. The review, to be conducted by Coopers and Lybrand, will be assessed by Sir Kenneth Cork, who will act as special adviser to the Government. He is expected to give his assessment to the Northern Ireland Secretary, Mr James Prior, in about two weeks.

Mr Prior said after meeting Mr De Lorean on Wednesday night that the company would have to cut spending.

However, Mr Adam Butler, Northern Ireland Minister of State, appeared not to rule out further help for the company if that was justified. He told the Commons that a final decision would also take into account Belfast's high unemployment.

He was speaking after one MP, Mr Alan Clark, Conservative MP for Plymouth, Sutton, had said that "if the Government wants to use taxpayers' money on job creation schemes in Northern Ireland, wouldn't it be better to do so without subsidising the extravagant life style of a lot of American con men?" Mr Bob Cryer, Labour MP for Keighley, said "this particular venture appears to be a rip-off for the directors and a disaster for the workers."

Mr Butler said the company had "been hit very hard, the same as Ford and General Motors have, by the sudden and unexpected depression in the U.S. car market."

Key question for review, Page 6

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY. © The Financial Times Ltd, 1982.